

**United Nations
Environment
Programme**Distr.: General
10 June 2007

Original: English

**Nineteenth Meeting of the Parties
to the Montreal Protocol on
Substances that Deplete the Ozone Layer**
Montreal, 17-21 September 2007Item 12 of the provisional agenda
of the high-level segment***Adoption of decisions by the Nineteenth Meeting
of the Parties to the Montreal Protocol****Draft decisions and proposed adjustments**

In order to facilitate the work of Nineteenth Meeting of the Parties to the Montreal Protocol, the Secretariat has prepared the present document, which contains four chapters. Chapter I contains the draft decisions that were submitted by Parties to the Open-ended Working Group at its twenty-seventh meeting for consideration and possible adoption by the Meeting of the Parties. Chapter II sets forth proposed adjustments to the Protocol together with the supporting documentation submitted by those who proposed those adjustments. Any changes in the proposed adjustments from prior drafts have been made to correct errors in the proposals as requested by those proposing the adjustments. Chapter III contains draft decisions, prepared by the Secretariat, pertaining to administrative matters. The Parties to the Montreal Protocol have historically adopted such decisions at their annual meetings. Chapter IV contains a draft document entitled Montreal Declaration that was introduced by Canada at the twenty-seventh meeting of the Open-ended Working Group. The draft decisions in chapter I are presented as considered by the Open-ended Working Group. The only changes that have been introduced to these draft decisions are those noted by their proponents during their introduction of the proposals to the Working Group. The proposed adjustments in chapter II are likewise presented as received by the Secretariat and have not been formally edited.

* UNEP/OzL.Pro.19/1.

I. Draft decisions submitted by Parties and approved by the twenty-seventh meeting of the Open-ended Working Group for consideration by the Nineteenth Meeting of the Parties

[...]

[The Meeting of the Parties decides:

A. Draft decision XIX/A: Additional work on hydrochlorofluorocarbons

Acknowledging the six proposed adjustments by nine parties to the Montreal Protocol with regard to accelerating the phase-out of hydrochlorofluorocarbons (HCFCs) and the dual impact of such an adjustment on both saving the ozone layer and ameliorating the climate change problem,

Expressing appreciation for the work done by the Technology and Economic Assessment Panel and its technical options committees in analysing the global status of consumption, banks, emissions and technologies relative to HCFCs but noting that none of the latest reports of the Panel and its committees addresses in depth the level of alternate technology acceptance and promotion among Parties operating under paragraph 1 of Article 5 of the Protocol (Article 5 Parties),

Taking into consideration the difficulties faced by Article 5 Parties with regard to the production and consumption of HCFCs, particularly with respect to differences in sectoral uses, industries and related servicing sectors and the lack of time for the establishment of an effective HCFC management system,

1. To request the Technology and Economic Assessment Panel to conduct a detailed study addressing the prospects for the promotion and acceptance of alternatives to HCFC-using technologies in Article 5 Parties considering different uses and sectors and the associated costs under the accelerated phase-out scenarios, taking into consideration climatic, economic and social differences between Article 5 Parties;

2. To request the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to consider at its forthcoming meetings during 2007 and 2008 funding additional projects for studying the situation of HCFC uses in Article 5 countries;

3. To request the Ozone Secretariat to organize an international workshop on the subject of available alternatives to HCFC-using technologies back to back with either the meeting of the Open-ended Working Group or the meeting of Parties taking place in 2008;

4. To request Parties to take into account all aspects of financial assistance, technical assistance and the transfer of technology and to address all HCFCs as one group with regard to any proposed adjustment.

B. Draft decision XIX/B: Prevention of methyl bromide trade that is harmful to Parties operating under paragraph 1 of Article 5

Noting with appreciation the report prepared by the Technical and Economic Assessment Panel in accordance with paragraph 9 of decision Ex.I/4, which discusses options for preventing potential harmful trade of methyl bromide stocks with Parties operating under paragraph 1 of Article 5 as consumption is reduced in Parties not so operating,

Recognizing that the Technology and Economic Assessment Panel defines harmful trade as any trade that adversely impacts the implementation of control measures by any Party, allows backsliding from the implementation of alternatives to methyl bromide already achieved or is counter to the domestic policy of either an importing or exporting Party,

Acknowledging that methyl bromide in Parties operating under paragraph 1 of Article 5 originates from stockpiles in Parties not so operating, from production in the latter Parties to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5 or from production and stockpiles in Parties operating under paragraph 1 of Article 5;

Noting with appreciation the significant achievements of Parties operating under paragraph 1 of Article 5 reported in 2007 by the Methyl Bromide Technical Options Committee, which indicated that showed 80 per cent of such Parties consumed less than 50 per cent of their national baseline amounts in

2005 and that 47 out of 95 such Parties that consumed methyl bromide had achieved zero consumption by 2005;

Recognizing that the Methyl Bromide Technical Options Committee reported in 2007 that methyl bromide consumption was 9,285 metric tonnes in Parties operating under paragraph 1 of Article 5 in 2005, that such Parties reported production of 538 metric tonnes in 2005 and that imports for basic domestic needs equalled 8,735 metric tonnes, which is equivalent to 13 per cent of the basic domestic needs production rights of Parties not operating under paragraph 1 of Article 5;

Acknowledging that, in the light of the achievements and production and consumption figures described above, the amount of basic domestic needs production currently permitted in Parties not operating under paragraph 1 of Article 5 of 80 per cent of their 1995–1998 average production significantly exceeds the import requirements of Parties operating under paragraph 1 of Article 5;

Mindful that the progress in the reduction and phase-out of methyl bromide in Parties operating under paragraph 1 of Article 5 could be undermined by harmful trade, resulting in their increased methyl bromide consumption and further damage to the ozone layer,

1. To request Parties not operating under paragraph 1 of Article 5 to put in place procedures that may lead to the accurate quantification of stocks and reporting on them to the Ozone Secretariat so that any stocks exported are designated specifically for quarantine and preshipment uses or to meet the critical use needs of eligible Parties;

2. In order to satisfy the basic domestic needs of Parties operating under paragraph 1 of Article 5, to consider adopting at the Twentieth Meeting of the Parties an adjustment to Article 2H of the Protocol to provide that the quantity of methyl bromide that may be produced by Parties not operating under paragraph 1 of Article 5 shall be limited to 15 per cent of their annual average methyl bromide production for the period 1995–1998 inclusive;

3. To request Parties operating under paragraph 1 of Article 5 to inform the Ozone Secretariat in September of each year of their expected total methyl bromide imports in metric tonnes for the following year, indicating the amounts for quarantine and preshipment and non-quarantine and preshipment uses, using the format for reporting such information set out in the annex to the present decision, and to request the Secretariat to publish the information reported in accordance with the present decision on its website as a guide to potential exporters and importers;

4. To encourage Parties operating under paragraph 1 of Article 5 to put in place further practices to prevent the import of methyl bromide in an amount that exceeds expected demand.

Annex to decision XIX/B

Format for reporting by Parties operating under paragraph 1 of Article 5 of expected total methyl bromide imports in metric tonnes in accordance with paragraph 3 of decision XIX/[]

[Name of Party] *expects to import approximately [x] metric tonnes of methyl bromide for quarantine and preshipment uses and [y] metric tonnes for non-quarantine and preshipment uses in [year], which is below the quantity authorized by the Parties to the Montreal Protocol and consistent with its methyl bromide national phas- out plan.*

C. Draft decision XIX/C: Terms of reference for the study on the 2009–2011 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol

Recalling decisions VII/24, X/13, XIII/1 and XVI/35 on previous terms of reference for studies on the replenishment of the Multilateral Fund,

Recalling also decisions VIII/4, XI/7, XIV/39, and XVII/40 on previous replenishments of the Multilateral Fund,

1. To request the Technology and Economic Assessment Panel to prepare a report for submission to the Twentieth Meeting of the Parties, and to present it through the Open-ended Working Group at its twenty-eighth meeting, to enable the Twentieth Meeting of the Parties to take a decision on

the appropriate level of the 2009–2011 replenishment of the Multilateral Fund. In preparing its report, the Panel should take into account, among other things:

- (a) All control measures and relevant decisions agreed by the Parties to the Montreal Protocol and the Executive Committee, including decisions agreed by the Nineteenth Meeting of the Parties and the Executive Committee at its fifty-third and fifty-fourth meetings, insofar as those decisions will necessitate expenditure by the Multilateral Fund during the period 2009–2011, [in addition, the Panel’s report should include scenarios which indicate [eligible incremental] costs [and cost-efficiencies] associated with implementation by Parties operating under paragraph 1 of Article 5 of the proposed adjustments and decisions relating to HCFCs] [and of possible measures resulting from the study conducted by the Executive Committee pursuant to decision XVIII/9, paragraph 2] [, should a compliance measure implementing one or more of these measures be adopted at the Nineteenth Meeting of the Parties,] and indicative funding requirements beyond 2011, to the extent possible;
- (b) The need to allocate resources to enable all Parties operating under paragraph 1 of Article 5 to maintain compliance with Articles 2A–2I of the Montreal Protocol and possible new agreed compliance measures relevant to the period 2009–2011 under the Montreal Protocol;
- (c) Agreed [and future] rules and guidelines for determining eligibility for funding of investment projects (including those in the production sector), non-investment projects and sectoral or national phase-out plans;
- (d) Approved country programmes;
- (e) Financial commitments in 2009–2011 relating to national or sectoral phase-out plans agreed by the Executive Committee;
- (f) The provision of funds for accelerating phase-out and maintaining momentum, taking into account the time lag in project implementation;
- (g) Experience to date, including limitations and successes of the phase-out of ozone-depleting substances achieved with the resources already allocated, as well as the performance of the Multilateral Fund and its implementing agencies;
- (h) The impact that the international market, ozone-depleting substance control measures and country phase-out activities are likely to have on the supply and demand for ozone-depleting substances, the corresponding effects on the price of ozone-depleting substances and the resulting incremental costs of investment projects during the period under review;
- (i) Administrative costs of the implementing agencies and the cost of financing the secretariat services of the Multilateral Fund, including the holding of meetings;

2. That, in undertaking this task, the Panel should consult widely with all relevant persons and institutions and other relevant sources of information deemed useful;

3. That the Panel shall strive to complete its work in time to enable its report to be distributed to all Parties two months before the twenty-eighth Meeting of the Open-ended Working Group;

D. Draft decision XIX/D: Revision of the terms of reference of the Executive Committee

To amend paragraph 8 of the terms of reference of the Executive Committee, as modified by the Ninth Meeting of the Parties in Decision IX/16 and the Sixteenth Meeting of the Parties in Decision XVI/38, to read:

“8. The Executive Committee shall have the flexibility to hold two or three meetings annually, if it so decides, and shall report at each Meeting of the Parties on any decision taken there. The Executive Committee should consider meeting, when appropriate, in conjunction with other Montreal Protocol meetings.”

E. Decision XIX/E: Preventing illegal trade in ozone-depleting substances through more effective systems for monitoring their transboundary movement between Parties

Acknowledging the need for action to prevent and to minimize illegal trade in controlled ozone-depleting substances and the importance of this issue in continuing discussions on the future of the Protocol,

Mindful of decision XVIII/18, which requested the Parties to provide written comments on the report, entitled “ODS Tracking Feasibility Study”, on developing a system for monitoring the transboundary movement of controlled ozone-depleting substances between Parties and requested the Ozone Secretariat to provide a compilation of such comments to the Nineteenth Meeting of the Parties in 2007,

Noting with appreciation the comments of the Parties on the medium- and longer-term options put forward in the ODS Tracking Feasibility Study,

[Noting other initiatives that could be used in the monitoring of the transboundary movements of controlled ozone-depleting substances between Parties, [notably the Globally Harmonized System of Classification and Labelling of Substances and Mixtures (GHS)], [and Public-Private Partnerships in preventing illegal trade];]

Acknowledging that an important first step toward effective monitoring of transboundary movements of ozone-depleting substances between Parties would be better implementation and enforcement of existing mechanisms, notably improving the effectiveness of licensing systems for the control of imports, exports and re-exports, as called for in Article 4B of the Protocol[,] [and] improved cross checking of reported data[and public-private partnerships in preventing illegal trade],

1. To urge all Parties to implement fully Article 4B of the Protocol by establishing and implementing a system for licensing the import and export of controlled ozone depleting substances as well as recommendations contained in existing decisions of the Parties, notably decisions IX/8, XIV/7, XVII/12, XVII/16 and XVIII/18;

2. To encourage all Parties [, consequent to meeting the requirements in paragraph 1,] to [consider]put[ting] in place, if appropriate, a[n informal] prior informed consent system [on a voluntary basis] [to support the regulation] [towards the regulation] [of controlled substances] [especially for chlorofluorocarbons, halons, carbon tetrachloride and 1,1,1- trichloroethane (TCA) and mixtures containing those substances] [based on the experience of the one used in South and South-East Asia];

3. [To encourage all relevant Parties to strengthen the informal prior informed consent system as already introduced in South and South-East Asia and to put in place the same system in other regions,] [if appropriate] [on a voluntary basis];

[4. To [request] [encourage] Parties to [consider] includ[e][ing] in their ozone-depleting substances import/export licensing systems [import quotas] [, as appropriate,] for all controlled ozone-depleting substances, permits for each shipment of such substances and the obligation for importers and exporters to report on the use of such permits;]

[5. To [request] [encourage] Parties to [consider monitoring] [include] transit movements (trans-shipments) of ozone-depleting substances and shipments of ozone-depleting substances through duty free zones [in their ozone-depleting substances licensing systems or to apply to such movements some monitoring mechanism such as a unique consignment reference number];]

[6. To request the Ozone Secretariat to examine[, without further financial implications,] the possibility of putting in place mechanisms for cross checking import and export data and, where important discrepancies are established, establishing independent auditing;]

7. [To request the Ozone Secretariat to report in a timely basis the information received on trade and export under Decision XVII/16... and encourage Parties to use this information to track and cross-check imports and exports of ODS and take appropriate action ...]

[8. To encourage Parties to consider regulating the use of non-refillable containers that contain controlled ODS;]

[9. To request Parties to ban the use of non-refillable containers that contain controlled ozone-depleting substances]

10. To request [encourage] Parties to [consider] establish[ing] [the following minimum requirements] [labeling and documentation systems] for shipments of [controlled] ozone-depleting substance containers:

(a) That each container containing 10 kg or more of ozone-depleting substances or ozone-depleting substances-containing mixture may be shipped only if accompanied by:

- (i) Certificate of conformity issued by the final exporter;
- (ii) Technical specifications issued by the producer containing, inter alia: chemical name, American Society of Heating, Refrigeration and Air-conditioning Engineers (ASHRAE) designation and trade name of the ozone-depleting substances (or composition and ASHRAE designation of ozone-depleting substances-containing mixture) and the purity data of the ozone-depleting substances or ozone-depleting substances-containing mixture;

(b) [That the label of each such container contain, inter alia, the name, address and telephone/fax number of the producer and chemical name using the Globally Harmonized System, if appropriate, ASHRAE designation and trade name of the ozone-depleting substances (or composition and ASHRAE designation of the ozone-depleting substances-containing mixture)] [That the label of each such container shall contain, among other things, the chemical identification, the supplier's identity and the standardized label elements to be designated for the ozone-depleting substance contained therein under the Globally Harmonized System, if applicable, ASHRAE designation and trade name of the ozone-depleting substance (or composition and ASHRAE designation of the ozone-depleting substance containing mixtures)];

(c) [That Parties are free to consider consignments not corresponding to these minimum requirements to be illegal];

[11. That if an illegal amount of ozone-depleting substances is seized, it should be destroyed through means of the technology recommended by the Parties;]

[12. That Parties operating under paragraph 1 of Article 5 of the Montreal Protocol will be able to obtain financial support from the Multilateral Fund for adopting measures regarding final disposal in cases in which seized ozone-depleting substances have no determined origin (illegal trade);]

[13. That Parties are encouraged to introduce measures listed under paragraph 10 of the present decision with regard to consignments of ozone-depleting substance substitutes, in particular HFC-134a, in order to avoid shipping controlled ozone-depleting substances under the names of such substitutes.]

F. Draft decision XIX/F: Refining the institutional arrangements of the Montreal Protocol

[*Noting* the Scientific Assessment Panel's conclusion that actions taken under the Montreal Protocol have led to the projected recovery of the ozone layer to pre-1980 levels in this century,]

[*Recalling* that the report of the 2006 assessment of the Scientific Assessment Panel indicates that there are already measurable reductions in tropospheric and stratospheric levels of many ozone-depleting substances,]

[*Recalling* the initial results of the Parties' discussions on the future of the Montreal Protocol and recognizing the need to address the issues identified by the Parties to ensure the continued success of the Montreal Protocol and secure the future health of the ozone layer,]

[*Welcoming* the report of the Ozone Secretariat that by the end of 2005 the Parties to the Montreal Protocol had achieved an aggregate reduction in their consumption of all ozone-depleting substances of 95 per cent from the baseline levels established by the Montreal Protocol,]

[*Further welcoming* the fact that if all projects approved or to be approved by the Multilateral Fund within the next two years are implemented as agreed Parties operating under Article 5 of the Montreal Protocol will have achieved a 97 per cent reduction in the ozone-depletion potential value of ozone-depleting substances for which they currently have baselines,]

[*Congratulating* the global community for its considerable accomplishments in effectively addressing the problem of ozone depletion,]

[Noting that future replenishments of the Montreal Protocol's Multilateral Fund will reflect the sizable accomplishments already achieved under the Protocol and comparatively few remaining compliance obligations,]

[1. To support the Implementation Committee meeting up to one extra day per meeting, as needed, on a case-by-case basis, subject to the provision of sufficient funds;]

[2. To request the Ozone Secretariat to collect information on the frequency,[and] scheduling [and relative workload], [and speed of decision process] of meetings held by [Parties and subsidiary] bodies under the Stockholm Convention on Persistent Organic Pollutants, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and Their Disposal and the United Nations Framework Convention on Climate Change[, including the Kyoto Protocol,] and to report this information to the Open-Ended Working Group at its next meeting;]

[3. To request the Technology and Economic Assessment Panel through the Ozone Secretariat to consult with the scientific bodies of the conventions mentioned in paragraph 2 in order to identify and seek measures to avoid the redundancy of chemicals appearing in more than one control list, and to report any information resulting from such consultations to the Open-ended Working Group at its next meeting;]

[4. To request the Ozone Secretariat, in consultation with the Multilateral Fund Secretariat, to compile a list of reporting requirements under the Protocol and requests for reporting included in decisions of the Parties, including the elements and timing of such reporting, to include the list in a document identifying any reporting that may be [under-reported, duplicative or] obsolete, [duplicative or under-reported], to identify opportunities for [improving reporting quality and compliance level, and] optimizing data reporting and collection between the Ozone Secretariat and the Multilateral Fund secretariat [, to identify possible needs for additional reporting] and to submit the document to the Open-Ended Working Group at its next meeting[, in order to enhance/improve the quality of reporting and to reduce the burden of reporting on Parties....];

[5. To request each of the Ozone Secretariat and the Multilateral Fund Secretariat (through the Executive Committee of the Multilateral Fund) to [develop] [propose] a business plan [discussion paper that identifies strategic priorities] that identifies its core functions that will be required both before 2010 and between 2010 and 2015[, taking into consideration, the challenges identified during the dialogue on future challenges facing the Protocol and rules, guidelines and decisions of the Nineteenth Meeting of the Parties], including an estimate of the [staffing and] monetary resources required to fulfil those functions, and to provide such plan to the Twentieth Meeting of the Parties;]

[6. To request the Ozone Secretariat to hire a contractor to analyse the administrative functions of the Ozone Secretariat, the Multilateral Fund Secretariat [and other ozone-related activities within the United Nations Environment Programme] and to identify potential opportunities for cost savings, reductions in overhead expenses and streamlining of redundant functions that might be achieved, including through co-locating the [three] [two] entities after 2010, for presentation to the [Twentieth] [Twenty-first] Meeting of the Parties;]

[7. To request the Technology and Economic Assessment Panel to revise its annual progress reporting pursuant to decisions IV/13 and VII/34 so that reporting after 2007 responds only to specific requests from the Parties and recommendations on annual exemption programs;]

[8. To request the Scientific Assessment Panel, the Environmental Effects Assessment Panel and the Technology and Economic Assessment Panel to provide the Open-ended Working Group at its next meeting a work plan for procedures to develop the 2010 assessment and information on costs associated with producing their last two assessments (2002 and 2006);]

[9. To request the Ozone Secretariat to analyse and report to the Open-Ended Working Group at its next meeting on how the [typical] activities and functions after 2009 at annual Open-Ended Working Group meetings and at annual meetings of the Parties would be re-organized and divided if meetings of the Parties were held every two years, three years, and four years and Open-Ended Working Groups were held in each of the intervening years, and to identify potential cost savings associated with such revised meeting schedules[, taking into account the way that the work of the subsidiary bodies would be affected;]]

[10. To request the Ozone Secretariat to provide to the Open-ended Working Group at its next meeting a report on possible near-term measures to simplify procedures and operations, including:

- (a) Consolidating the preparatory and high-level segments of the Meeting of the Parties into a single body, called the Meeting of the Parties, with a single agenda and set of officers;
- (b) Scope for completion of draft reports of the meetings of the Open-ended Working Group by the Secretariat and the establishment of a process for receiving final comments from Parties;
- (c) Encouraging the assessment panels and other committees to make wherever practicable even greater use of electronic and other modern means of communication, including teleconferencing, to avoid or reduce the need for, frequency and length of in-person meetings].

G. Draft decision XIX/G: Establishment of a multi-year agenda for the Meeting of the Parties to the Montreal Protocol to address key policy issues identified by the Parties

Recalling that the Eighteenth Meeting of the Parties to the Montreal Protocol, in its decision XVIII/36, recognized the need to address key issues related to the future of the Protocol and its institutions and that those key issues were subsequently more fully discussed by the Parties during a two-day dialogue held just prior to the twenty-seventh meeting of the Open-ended Working Group, in Nairobi, Kenya,

Recalling the initial results of the Parties' discussions on the future of the Montreal Protocol and recognizing the need to address the issues identified by the Parties to ensure the continued success of the Montreal Protocol and secure the future health of the ozone layer,

To establish the following work-plan:

- (a) Consider remaining production and consumption of ozone-depleting substances;
- (b) Consider banks and stockpiles of ozone-depleting substances;
- (c) Consider the resources and long-term stability necessary for a global programme of scientific observation and reporting on the status of the ozone layer;
- (d) Consider the evolution of the work of the Multilateral Fund of the Montreal Protocol and its Secretariat;
- (e) Consider the future need for and scope of the work of the subsidiary bodies of the Montreal Protocol, namely, the Technology and Economic Assessment Panel, the Scientific Assessment Panel and the Environmental Effects Assessment Panel;
- (f) Consider the future management and [monitoring or oversight] of the Montreal Protocol and its key institutions including the Ozone Secretariat and the Implementation Committee;
- (g) Consider ways to maintain compliance and combat illegal trade.

H. Draft decision XIX/H: Essential-use exemption for chlorofluorocarbons -113 for aerospace applications in the Russian Federation

Noting with appreciation the work done by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee,

Taking into consideration that adequate identified alternatives for chlorofluorocarbon-113 (CFC-113) do not currently exist for use in the aerospace industry of the Russian Federation and that the search for its alternatives continues, as confirmed in the 2006 assessment report of the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee,

Noting the readiness of the Russian Federation to explore the possibility of importing CFC-113 for its aerospace industry needs from available global stocks in accordance with the recommendations of the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee,

Also noting that the Russian Federation is ready to receive prior to February 2008 a small group of experts in replacing ozone-depleting substance solvents in the aerospace industry nominated by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee with the aim of evaluating the applications and recommending proven alternatives where possible,

1. To authorize the levels of production and consumption of CFC-113 in the Russian Federation for essential-use exemptions for chlorofluorocarbons in its aerospace industry in the amount of 140 metric tonnes in 2008;

2. To authorize the volume of 130 metric tonnes of CFC-113 nominated for 2009 by the Russian Federation provided that no alternatives are identified by the Technology and Economic Assessment Panel that can be implemented by 2009;

3. To request the Russian Federation to explore further the possibility of importing CFC-113 for its aerospace industry needs from available global stocks in accordance with the recommendations of the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee.

I. Draft decision XIX/I: Replacement of table A and table A bis in Relevant Process Agent Decisions

1. To adopt the table in the appendix to the present decision as a list of process agent applications to replace table A of decision X/14 as it was amended in decision XVII/7 and to replace table A-bis in decision XVII/8.

Appendix

Table A List of uses of controlled substances as process agents

	Process	ODS
1	Elimination of NCl_3 in chlor-alkali production	CTC
2	Chlorine recovery by tail gas absorption in chlor-alkali production	CTC
3	Production of chlorinated rubber	CTC
4	Production of endosulfan	CTC
5	Production of ibuprofen	CTC
6	Production of dicofol	CTC
7	Production of chlorosulfonated polyolefin (CSM)	CTC
8	Production of aramid polymer (PPTA)	CTC
9	Production of synthetic fibre sheet	CFC 11
10	Production of chlorinated paraffin	CTC
11	Photochemical synthesis of perfluoropolyetherpolyperoxide precursors of Z-perfluoropolyethers and difunctional derivatives	CFC 12
12	Reduction of perfluoropolyetherpolyperoxide intermediate for production of perfluoropolyether diesters	CFC 113
13	Preparation of perfluoropolyether diols with high functionality	CFC 113
14	Production of cyclodime	CTC
15	Production of chlorinated polypropene	CTC
16	Production of chlorinated EVA	CTC
17	Production of methyl isocyanate derivatives	CTC
18	Production of 3-phenoxybenzaldehyde	CTC
19	Production of 2-chloro-5-methylpyridine	CTC
20	Production of imidacloprid	CTC
21	Production of bupropfenzin	CTC
22	Production of oxadiazon	CTC
23	Production of chloradized N-methylaniline	CTC
24	Production of 1,3-dichlorobenzothiazole	CTC
25	Bromination of a styrenic polymer	BCM
26	Synthesis of 2,4-D (2,4- dichlorophenoxyacetic acid)	CTC

27	Synthesis of DEHPC (di-(2-ethylhexyl) peroxydicarbonate)	CTC
28	Production of radio-labelled cyanocobalamin	CTC
29	Production of high modulus polyethylene fibre	CFC 113
30	Production of vinyl chloride monomer	CTC
31	Production of sultamicillin	BCM
32	Production of prallethrin (pesticide)	CTC
33	Production of o-nitrobenzaldehyde (for dyes)	CTC
34	Production of 3-methyl-2-thiophenecarboxaldehyde	CTC
35	Production of 2-thiophenecarboxaldehyde	CTC
36	Production of 2-thiophene ethanol	CTC
37	Production of 3,5-dinitrobenzoyl chloride (3,5-DNBC)	CTC
38	Production of 1,2-benzisothiazol-3-ketone	CTC
39	Production of m-nitrobenzaldehyde	CTC
40	Production of tichlopidine	CTC
41	Production of p-nitro benzyl alcohol	CTC
42	Production of tolclofos methyl	CTC

J. Draft decision XIX/J: Essential-use exemptions for chlorofluorocarbons for metered-dose inhalers for Parties not operating under paragraph 1 of Article 5 for controlled substances for 2008 and 2009

Noting with appreciation the work done by the Technology and Economic Assessment Panel and its Medical Technical Options Committee,

Mindful that, according to decision IV/25, chlorofluorocarbon use for metered-dose inhalers does not qualify as essential if technically and economically feasible alternatives or substitutes are available that are acceptable from the standpoint of environment and health,

Welcoming the continued progress in several Parties not operating under paragraph 1 of Article 5 in reducing their reliance on chlorofluorocarbon-containing metered-dose inhalers as alternatives are developed, receive regulatory approval and are marketed for sale,

1. To authorize the levels of production and consumption for 2008 and 2009 necessary to satisfy essential uses of chlorofluorocarbons for the production of metered-dose inhalers for asthma or chronic obstructive pulmonary disease specified in the annex [] to the present report;

2. That Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol, when licensing, authorizing, or allocating essential-use exemptions for chlorofluorocarbons for a manufacturer of metered-dose inhalers for asthma or chronic obstructive pulmonary disease, shall take into account pre- and post-1996 stocks of controlled substances as described in paragraph 1 (b) of decision IV/25, such that no more than a one-year operational supply is maintained by the manufacturer.

Annex to decision XIX/J

Essential-use authorizations for 2008 and 2009 of chlorofluorocarbons for metered-dose inhalers approved by the Nineteenth Meeting of the Parties (in metric tonnes)

Party	2008		2009	
	Amount nominated	Amount approved	Amount nominated	Amount approved
European Community	316	316		
Russian Federation	212	212		
United States of America			282	282

K. Draft decision XIX/K: Possible future amendment of the Protocol regarding n-Propyl Bromide (n-PB)

Noting with appreciation the work done by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee in its 2007 progress report (decision XVIII/11),

Recalling that each Party has agreed under the Montreal Protocol to control the emissions of ozone-depleting substances with the objective of their phase-out,

Recalling that all Parties are encouraged under decision X/8 to discourage the production and marketing of new ozone-depleting substances,

Recalling that under decision X/8 Parties must take appropriate steps under the Protocol to ensure the control and phase-out of new substances that pose a significant threat to the ozone layer,

Recalling that decision XIII/7 requested Parties to urge industry and users to consider limiting the use of n-propyl bromide (n-PB) to applications for which more economically feasible and environmentally friendly alternatives were unavailable,

Taking into account that there is no yearly reporting by the Parties with respect to n-PB since n-PB is not a controlled substance,

Noting that the Technology and Economic Assessment Panel estimated in its 2007 progress report that annual production and consumption of n-PB for solvent uses could reach 20,000 metric tonnes and related emissions 10,000 metric tonnes and that it expected consumption and emissions to increase significantly in the future,

Noting further that the Technology and Economic Assessment Panel reported in 2001 in its "Task Force Report on Geographical Market Potential and Estimated Emissions of n-Propyl Bromide" that n-PB was aggressively marketed for applications traditionally using ozone-depleting substances and non-ozone-depleting substances,

Mindful that the Scientific Assessment Panel believes from its recent findings that very short-lived brominated substances make a significant contribution to total stratospheric bromine and its effect on stratospheric ozone and that significant production of such substances could exacerbate ozone depletion,

Bearing in mind that the ozone-depletion potential of n-PB is within the range of other substances that are already controlled under the Montreal Protocol,

Mindful that including any new substance in the Protocol would require an amendment of the Protocol and that proposals to amend the Protocol must be communicated to the Parties by the Ozone Secretariat at least 6 months in advance of the meeting of the Parties at which any such proposal is to be considered,

Considering that past amendments of the Protocol have covered packages of subjects rather than single measures,

1. To consider the inclusion of n-PB as a controlled substance in connection with the next upcoming amendment of the Protocol, irrespective of its date and content, and in the meantime to take the steps outlined in the following paragraphs;

2. To request Parties, in line with decisions IX/24 and X/8, to discourage the production and marketing of n-PB and to restrict the use of n-PB to those applications where other more environmentally suitable alternative substances or technologies are unavailable;

3. To request Parties to urge enterprises subject to their jurisdiction to apply responsible use practices as described by the n-PB task force in its 2001 report in cases where n-PB must be used, as far as technically and economically feasible,

4. To urge parties to report on their production and consumption of n-PB to the secretariat, fully aware that n-PB is not now a controlled substance under the Protocol but might become one in the near future;

5. To ask the Scientific Assessment Panel the Technology and Economic Assessment Panel to update their findings regarding n-PB in case of any relevant new development.

L. Draft decision XIX/L: Laboratory and analytical use exemption

Noting with appreciation the work done by the Technology and Economic Assessment Panel and its Chemical Technical Options Committee,

1. To extend the global laboratory and analytical use exemption under the conditions set out in annex II of the report of the Sixth Meeting of the Parties and decisions XV/8 and XVI/16 until 31 December 2009;

2. To request the Technology and Economic Assessment Panel and its Chemical Technical Options Committee to provide, by the Twentieth Meeting of the Parties, a list of laboratory and analytical uses in which ozone-depleting substances in annexes A, B, and C (group II and group III substances) of the Protocol are used, indicating those uses for which ozone-depleting substances are no longer required and describing the possible alternatives for those uses.

M. Draft decision XIX/M: Future of the laboratory and analytical use exemption (decision XV/8)

1. To extend the global laboratory and analytical use exemption as restricted by paragraph 6 of decision VII/II and by decision XI/15 under the conditions set out in annex II of the report of the Sixth Meeting of the Parties for the controlled substances in all annexes and groups of the Montreal Protocol except Annex C, group I, until 31 December [2015];

2. To request the Technology and Economic Assessment Panel to report in its quadrennial assessment on the development and availability of laboratory and analytical procedures that can be performed without using the controlled substances in all annexes and groups of controlled substances of the Protocol.

N. Draft decision XIX/N: Assessment of new very short-lived halogenated substances

Recalling that the 2006 Technology and Economic Assessment Panel assessment report reiterated the suggestion of the Scientific Assessment Panel and the Technology and Economic Assessment Panel that the Parties consider phasing out all ozone-depleting substances pending full assessment by the panels,

Noting the conclusion of the Scientific Assessment Panel in its 2006 report that very short-lived halogenated substances are of greater importance to stratospheric ozone depletion than previously estimated and that ozone depletion could be enhanced by significant anthropogenic production of those substances,

Mindful of the option of including new substances in the Montreal Protocol,

Understanding the urgency and benefit of disseminating information on new substances that enables individual Parties to limit or ban the use of those substances as soon as possible,

Mindful that the upper-limit for the ozone-depletion potential of trifluoriodomethane (CF₃I) was calculated to be 0.011-0.018 in the recent Scientific Assessment Panel report, which is higher by far than the previously published upper limit for surface emissions of 0.008 and is within the range of other substances that are already controlled under the Montreal Protocol,

Taking into account that despite decision X/8, which requested Parties to discourage the production and marketing of new ozone-depleting substances, CF₃I has already been introduced as a fire extinguishing agent for some applications and might gain importance in this area as well as in other areas like the refrigeration and mobile air-conditioning sector,

Considering that it is less costly to prevent the introduction of a new substance for new applications than to replace such a substance once introduced if necessary due to new scientific findings,

1. To request the Technology and Economic Assessment Panel and the Scientific Assessment Panel:

(a) To summarize the recent findings on the potential ozone-depleting potential of trifluoriodomethane (CF₃I), 1,2-dibromoethane (EDB), bromoethane, and other anthropogenic very short-lived substances;

- (b) To collect and evaluate information on current and possible future production, consumption, and emissions of such substances as far as possible;
 - (c) To assess whether the current and future emissions of such substances may pose a threat to the ozone layer, taking into account their current and possible future uses;
 - (d) To identify the information that is necessary for an overall evaluation of such substances with regard to their potential to cause ozone depletion;
 - (e) To differentiate, if necessary, between surface and altitude emissions when evaluating the potential ozone-depletion potential, current and future emissions and the possible effect on the ozone layer of such substances;
 - (f) To collect and evaluate information on products resulting from the breakdown of such substances that may or may not have negative environmental and/or health effects;
 - (g) To summarize the available information on toxicology of trifluoriodomethane and other anthropogenic very short-lived substances and to identify any further information necessary for a comprehensive assessment of such substances;
2. To report its findings to the Parties at the twenty-eighth meeting of the Open-ended Working Group;
 3. To urge Parties, in accordance with decision X/8, to report on their production and consumption of trifluoriodomethane, 1,2-dibromoethane, bromoethane and other anthropogenic very short-lived substances to the secretariat;
 4. To request the Secretariat, in accordance with decision XIII/5, to update the list of new ozone-depleting substances reported by Parties to reflect the information reported by Parties pursuant to the preceding paragraph;
 5. To call on Parties, following application of decisions IX/24 and X/8, to discourage the production, marketing and use of trifluoriodomethane and other very short-lived ozone-depleting substances as long as there is the possibility that such substances will pose a substantial threat to the ozone layer.

O. Draft decision XIX/O: Request by Romania to be removed from the list of developing countries under the Montreal Protocol

1. To note the request by Romania to be removed from the list of developing countries operating under paragraph 1 of Article 5;
2. To approve the request by Romania and note further that Romania shall assume the obligations of a Party not operating under paragraph 1 of Article 5 of the Montreal Protocol from 1 January 2008.

II. Proposed adjustments to the Montreal Protocol

A. Proposed adjustment to the Montreal Protocol by the Federated States of Micronesia

PROPOSAL TO ADJUST THE MONTREAL PROTOCOL

1. The Federated States of Micronesia propose to adjust the Montreal Protocol to accelerate the phase-out schedule of HCFCs in Article 5 Parties and non-Article 5 Parties and to allow for continued use of HCFCs that provide superior environmental benefits, as well as essential uses.

ACCELERATED HCFC PHASE-OUT FOR ARTICLE 5 PARTIES

2. For Article 5 Parties, the control measures for HCFCs will be adjusted to:
 - ♦ Freeze production and consumption of HCFCs in [2016] at a base level of either consumption levels in [2015] or [100% + X%] of consumption levels in [2006], whichever is less.
 - Implement a step-wise reduction schedule:
 - Reduce production and consumption by [65%] of base level by [2020].
 - Reduce production and consumption by [90%] of base level by [2025]
 - Reduce production and consumption by [99.5%] of base level by [2030], allowing production and consumption of [0.5%] of base level for servicing existing equipment.
 - Reduce production and consumption by [100%] of base level by [2040].
3. Permit additional production and consumption of [15%] of base level at each stage of the reduction schedule to meet basic domestic needs of Article 5 Parties.
4. Allow continued use of HCFCs where there are superior environmental benefits and provide essential use exemptions where appropriate, with the possibility of destruction offsets.

CONDITIONS FOR ACCELERATED HCFC PHASE-OUT FOR ARTICLE 5 PARTIES

5. The control measures of this Adjustment for Article 5 Parties are subject to the following conditions:
 - (a) The Multilateral Fund shall meet, on a grant basis, all the incremental costs of Article 5 Parties to enable their compliance with the control measures of this Adjustment.
 - (b) Future replenishment of the Multilateral Fund shall take into account the needs of Article 5 Parties in accordance with paragraph (a).

- (c) The alternatives, substitutes, and related technologies necessary to enable compliance with the control measures of this Adjustment must be expeditiously provided to the Article 5 Parties.
 - (d) Adequate supplies of the required HCFCs to meet basic domestic needs of Article 5 Parties shall be assured until [2040].
 - (e) Compliance of the Article 5 Parties with the control measures of this Adjustment will depend on effective implementation of the above conditions, which can be further enhanced by strengthening compliance and enforcement capacity.
 - (f) Paragraphs 4, 5, 6, and 7 of Article 5 of the Montreal Protocol at present shall be extended to include the control measures of this Adjustment.
6. The current guidelines of the Multilateral Fund regarding not providing funding to any ODS facility established after July 1995 or to any facility or enterprise that received assistance from the Multilateral Fund to transition to HCFCs must be modified to be consistent with the control measures of this Adjustment regarding an accelerated phase-out of HCFCs.

ACCELERATED PHASE-OUT FOR NON-ARTICLE 5 PARTIES

7. For non-Article 5 Parties, the control measures for HCFCs will be adjusted to:
- ♦ Accelerate the step-wise reduction schedule:
 - Reduce production and consumption by [90%] of base level by [2010].
 - Reduce production and consumption by [99.5%] of base level by [2015], allowing production and consumption of [0.5%] of base level for servicing existing equipment.
 - Reduce production and consumption by [100%] of base level by [2030].
8. Allow continued use of HCFCs where there are superior environmental benefits and provide essential use exemptions where appropriate, with the possibility of destruction offsets.

BACKGROUND NOTE FOR PROPOSED ADJUSTMENT
FEDERATED STATES OF MICRONESIA

Summary

1. The Proposed Adjustment to the Montreal Protocol submitted by the Federated States of Micronesia will accelerate the phase-out of HCFCs, promote use of ozone- and climate-friendly substitutes, and drive innovation to develop more energy efficient equipment, processes, and chemicals. This will ensure a quicker recovery of the ozone layer and provide further reductions of climate emissions, which in turn will help delay global temperatures from rising past the tipping point for abrupt non-linear climate change.
2. The Montreal Protocol has successfully phased-out production of most ozone-depleting substances (ODSs), and may be the world's most effective international environmental treaty. Because ODSs are also powerful greenhouse gases, the Montreal Protocol also has made a substantial contribution to mitigating climate change.
3. By 2010, the Montreal Protocol will reduce greenhouse gas emissions by about 11 GtCO₂-eq.yr⁻¹, which is 5-6 times greater than the Kyoto Protocol's emissions reductions targeted for 2012. As a result, the Montreal Protocol has delayed climate change by an estimated 10 years—meaning that without it, the impacts of climate change would be up to 10 years further along, according to a new study by Guus J. M. Velders, *et al.*, *The Importance of the Montreal Protocol in Protecting Climate*, Proceedings of the U. S. National Academy of Sciences (March 2007).
4. This delay has bought the countries most threatened by climate change, including low-lying island and coastal states, temporary insurance against rising sea levels and other climate impacts, by delaying global temperatures from rising past the “tipping point” for abrupt non-linear changes to the climate—such as the rapid melting of the Greenland Ice Sheet, which ultimately can raise sea levels up to 7 meters. There is growing concern that without immediate action, this tipping point may be as near as 10 years away.
5. Velders *et al.* note further benefits to climate protection from additional adjustments to the Montreal Protocol, including those in the Proposed Adjustment accelerating the phase-out of HCFCs through a step-wise reduction schedule that will ensure immediate, continuous, and measurable progress.
6. The Proposed Adjustment allows, until 2015, for the possibility of controlled growth in HCFCs that may be economically essential, and it is conditioned on non-Article 5 Parties providing financial assistance to Article 5 Parties through the Multilateral Fund for all incremental costs of the accelerated phase-out.
7. The Proposed Adjustment also accelerates the phase-out of HCFCs for non-Article 5 Parties in a similar step-wise manner.

8. The Proposed Adjustment allows for the continued use of HCFCs that provide superior environmental benefits, and for essential uses as well. Superior environmental benefits, such as greater energy efficiency, can be identified by a Life-Cycle Climate Performance analysis. This will drive innovation, including in energy efficiency, which can significantly lower costs and reduce greenhouse gas emissions.
9. The climate benefits from the Proposed Adjustment could be as much or greater than the Kyoto Protocol's initial targeted emissions reductions, making the adjustment one of the most cost-effective strategies for mitigating climate change and avoiding catastrophic sea level rise and other climate-related impacts, while also protecting the ozone layer.

Benefits to the Ozone Layer from Accelerating the Phase-Out of HCFCs

10. Destruction of the ozone layer causes cataracts and skin cancer, suppresses the human immune system, degrades ecosystems, and damages agricultural productivity, among other impacts. The 2006 UNEP/WMO Scientific Assessment Report found that an accelerated phase-out of HCFCs would reduce the risk of future ozone depletion.

Benefits to the Climate from Accelerating the Phase-Out of HCFCs

11. Velders, *et al.* show that, in addition to reducing the risk of future ozone depletion, strengthening the Montreal Protocol will reduce climate emissions and further delay climate impacts including sea-level rise. The study estimates that an accelerated HCFC phase-out and other measures could avoid emissions of 1.2 GtCO₂-eq. yr⁻¹ by 2015.
12. The overall climate benefits will depend on the extent of the technological innovation promoted by the measures, including using low GWP substitutes, promoting and improving energy efficiency, reducing the size of the refrigerant charge needed, and reducing the leak rate of equipment. According to Velders, *et al.*, in past phase-outs, about 80% of ODSs were replaced by non-fluorocarbon chemicals, which do not deplete the ozone layer, including not-in-kind chemical substitutes and product alternatives (e.g. a roll-on deodorant vs. spray can), changes in manufacturing processes, and conservation.
13. Accelerating the phase-out of HCFCs will reduce the adverse impacts on the climate from HCFCs, as well as from CTC emissions and from emissions of HFC-23, a "super greenhouse gas" that is a by-product of HCFC-22 production.

Benefits to Climate from Allowing Continued Use of HCFCs that Provide Superior Environmental Benefits; Essential Uses

14. To ensure that further reductions in ODSs mitigate rather than exacerbate climate change, the Proposed Adjustment allows for the continued use of HCFCs in applications with near-zero emissions that provide a demonstrated superior environmental benefit. This will help coordinate ozone and climate protection and ensure that efforts to address one global environmental problem do not exacerbate another global problem, and that opportunities of one treaty to help solve the problem of the other are realized. It also will

drive technological innovation and encourage competition to develop environmentally superior substitutes and technologies.

15. Superior benefits can be determined by a Life Cycle Climate Performance analysis, which measures the direct impacts from a chemical's (or other substitute's) GWP and ODP, as well as indirect impacts from by-product emissions, including emissions of greenhouse gases associated with power generation.
16. Continued use of HCFCs under this provision can be subject to periodic review by the Montreal Protocol's Technology and Economic Assessment Panel (TEAP), so that any HCFC use will continue only until the development of superior substitutes, assuming continued use of existing equipment through its life-span.
17. Further ozone and climate protection may be achieved by requiring the recovery and destruction of ODSs contained in banks that would otherwise be emitted into the atmosphere, by an ODP-weighted amount equal to or greater than the amount of HCFC allowed.
18. Phase-outs under the Montreal Protocol also traditionally have allowed for exemptions for essential or critical uses of ODSs to meet economic, health, safety, and environmental needs, as provided in the Proposed Adjustment.

Ensuring Technical and Economic Feasibility

19. An accelerated phase-out of HCFCs is technically and economically feasible. Substitutes exist for all but highly specialized HCFC applications. Further analysis could be provided by the TEAP as appropriate before the September meeting.

Conditioning Accelerated Phase-Out on Full Funding for All Incremental Costs

20. The Proposed Adjustment is conditioned on replenishment of the Multilateral Fund at appropriate levels to provide financial assistance to meet, on a grant basis, the full incremental costs of an accelerated HCFC phase-out for Article 5 Parties.
21. Without the accelerated phase-out in the Proposed Adjustment, there is no obligation to fund any control measures; however, a combination of adjustments and decisions can ensure funding is available at the next replenishment for an accelerated HCFC phase-out.

Conclusion

22. Consideration of the Proposed Adjustment at the 20th Anniversary Meeting of the Montreal Protocol in September 2007 will ensure full and complete discussion of one of the most important challenges confronting the ozone layer and the climate today and allow the Parties to request the TEAP to further assess the technological and economic implications of the accelerated phase-out as part of the study for the upcoming Multilateral Fund replenishment.

B. Proposed adjustment to the Montreal Protocol by Mauritania

1. The Islamic Republic of Mauritania proposes to adjust the Montreal Protocol to accelerate the phase-out schedule of HCFCs in Article 5 Parties and non-Article 5 Parties and also to allow for the continued use of HCFCs that provide superior environmental benefits and that are essential uses.

Accelerated HCFC phase-out for Article 5 Parties

2. For Article 5 Parties, the control measures for HCFC will be adjusted to the following level:

- Freeze production and consumption of HCFCs in [2016] at a base level either of consumption levels in [2015] or [100% + X%] of consumption levels in [2006], whichever is less.
- Implement a step-wise reduction schedule:
 - Reduce production and consumption by (65%) of base level by [2020];
 - Reduce production and consumption by (90%) of base level by [2025];
 - Reduce production and consumption by (99.5%) of base level by [2030], allowing production and consumption of [0.5%] of base level for servicing existing equipment;
 - Reduce production and consumption by (100%) of base level by [2040].

3. Permit additional production and consumption of (15%) of base level for Article 5 Parties at each stage of the reduction schedule so that Article 5 Parties can meet domestic needs.

4. Allow the continued use of HCFCs when they have significant environmental benefits such as energy efficiency and when the substances are used instead of HCFCs controlled by the Kyoto Protocol on condition of the destruction of the equivalent (or Xo/o) to the base level quantity of ozone-depleting substances.

5. Provision of essential-use exemptions where appropriate.

Conditions for accelerated HCFC phase-out for Article 5 Parties

6. The control measures for this reform for Article 5 Parties are subject to the following conditions:

(a) The Multilateral Fund shall respond, on a grant basis, to any other increase of the Fund for Article 5 Parties to enable their compliance with the control measures of this Adjustment;

(b) All future replenishment of the Multilateral Fund shall take into account the needs of Article 5 Parties, in accordance with paragraph (a);

(c) The alternatives, substitutes and all the related technologies necessary to enable compliance with the control measures of this adjustment shall be provided expeditiously to the Article 5 Parties;

(d) Adequate supplies of the HCFCs required for the basic domestic needs of Article 5 Parties shall be assured until [2040];

(e) Compliance of the Article 5 Parties with the control measures of this adjustment will depend on effective implementation of the above-mentioned conditions, which will be further enhanced by the strengthening of compliance and enforcement capacities;

(f) Paragraphs 4, 5, 6, and 7 of Article 5 of the Montreal Protocol shall be understood to include the control measures of this adjustment.

7. The current guidelines of the Multilateral Fund regarding not providing funding to any ozone-depleting substance facility established after July 1995 or to any facility or company that has received assistance from the Multilateral Fund to transition to HCFC must be modified to be consistent with the control measures of this adjustment regarding the accelerated phase-out of HCFCs.

Accelerated phase-out for non-Article 5 Parties

8. For non-Article 5 Parties, the control measures for HCFCs will be adjusted as follows:

- Accelerate the step-wise reduction schedule:
 - Reduce production and consumption by (90%) of base level by [2010];
 - Reduce production and consumption by (99.5%) of base level by [2015] allowing production and consumption of (0.5%) of base level for servicing existing equipment;
 - Reduce production and consumption by (100%) of base level by [2030].

9. Allow continued use of HCFCs where they provide significant environmental benefits such as energy efficiency and when the substances are used instead of HCFCs controlled by the Kyoto Protocol on condition of the destruction of the equivalent (or Xo/o) to the base level quantity of ozone-depleting substances.

10. Allow essential-use exemptions where appropriate.

C. Proposed adjustment to the Montreal Protocol by Mauritius

Proposed adjustment decision

Recalling the global spirit of cooperation in protecting the fragile stratospheric ozone layer,

Recognizing that measures to safeguard the ozone layer also provide significant reductions in climate emissions,

Noting the conclusion of the *2006 Scientific Assessment Report* that significant gains in mitigating depletion of the ozone layer can be achieved by accelerating the reduction and phase-out of HCFCs,

Aware that Article 5 Parties have continued to increase HCFC consumption, that further increases in HCFC consumption may delay the recovery of the ozone layer, that HCFC-based equipment have life-spans of up to 40 years, and that emissions of HCFC-22 and its HFC-23 byproduct are contributing to climate change,

Recognizing that increasing the number of facilities for recovery, recycling, and destruction of HCFCs would allow for significant reclamation of HCFCs,

Noting the challenges and constraints for the sustained and cost-effective availability of environmentally-friendly alternatives for HCFCs and for access to technology and financial assistance to facilitate the transition by Article 5 Parties,

Acknowledging the solemn commitment of non-Article 5 Parties to finance the incremental costs of the phase-out of ozone-depleting substances,

Mindful that there are currently no provisions regarding financial assistance for Article 5 Parties for accelerating the phase-out of HCFCs, and considering the preliminary findings of the survey on the challenges to providing technical and financial assistance to Article 5 Parties for transitioning out of HCFCs,

Aware that the *Special Report on Safeguarding the Ozone and Global Climate System*, issued jointly by the Technology and Economic Assessment Panel and the Intergovernmental Panel on Climate Change, cautioned that the Montreal Protocol's controls of ozone-depleting substances is one of the causes of increased use of HFCs, which are very potent greenhouse gases,

Desiring to ensure that measures taken to protect the ozone layer do not exacerbate global climate change,

Noting that both the ozone layer and the climate will benefit from prompt action by the Parties, and that this proposal will ensure a complete and thorough discussion of challenges facing the Montreal Protocol and create the opportunity for action at the 19th Meeting of the Parties in September 2007,

The 19th Meeting of the Parties decides:

1. To adjust the Montreal Protocol, as provided for in paragraph 9 of Article 2, to accelerate the phase-out of HCFCs in Article 5 Parties and non-Article 5 Parties and to allow for continued use of HCFCs that provide significant environmental benefits, and essential uses.
2. For Article 5 Parties, the control measures for HCFCs will be adjusted to freeze production and consumption of HCFCs in 2016 at a base level of the [average of the three years 2010 to 2012], and implement a step-wise reduction schedule by adjusting controlled substances in Group I of Annex C, as follows:
 - (a) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve month period commencing on 1st January 2020, and in each twelve month period thereafter, its calculated levels of consumption and production of the controlled substances in Group I of Annex C do not exceed, annually, [thirty five] percent of the respective base levels.

(b) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve month period commencing on 1st January 2025, and in each twelve month period thereafter, its calculated levels of consumption and production of the controlled substances in Group I of Annex C do not exceed, annually, [ten] percent of the respective base levels .

(c) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve month period commencing on 1st January 2030, and in each twelve month period thereafter, its calculated levels of consumption [and production] of the controlled substances in Group I of Annex C do not exceed, annually, [one half] percent of the respective base levels. The production and consumption levels permitted by this subparagraph shall be restricted to servicing of refrigeration and air conditioning equipment existing on 1 January 2030.

3. Allow [15%] of base level for additional production and consumption at each stage of the reduction schedule until the phase out date to meet basic domestic needs of Article 5 Parties.

4. Allow continued use of HCFCs for certain uses where there are significant environmental benefits, conditioned on the destruction of existing ozone-depleting substances, where:

(a) such uses would yield a significant environmental benefit, based on factors to include climate benefits, improved energy efficiency, decreased demand for substances controlled under the Kyoto Protocol, and reduced emissions of ozone-depleting substances, and

(b) an amount of ozone-depleting substances is destroyed that is [200] percent greater, on an ozone-depleting-potential-weighted basis, than the amount exempted.

5. Allow essential use exemptions for HCFCs as appropriate.

6. The control measures of this Adjustment for Article 5 Parties are subject to the following conditions:

(a) The Multilateral Fund shall meet, on a grant basis, all the phase-out related or incremental costs of Article 5 Parties to enable their compliance with the control measures of this Adjustment.

(b) Future replenishment of the Multilateral Fund shall take into account the specific needs of Article 5 Parties, in particular LVCs, in accordance with paragraph (a).

(c) The alternatives, substitutes, and related technologies necessary to enable compliance with the control measures of this Adjustment shall be expeditiously provided to the Article 5 Parties.

(d) Adequate supplies of the required HCFCs to meet basic domestic needs of Article 5 Parties shall be available until [2040].

(e) Compliance of the Article 5 Parties with the control measures of this Adjustment will depend on effective implementation of the above conditions.

(f) Paragraphs 4, 5, 6, and 7 of Article 5 of the Montreal Protocol at present shall be extended to include the control measures of this Adjustment.

7. The current guidelines of the Multilateral Fund, to the extent that they do not provide funding to any ODS facility established after July 1995 or to any facility or enterprise that received assistance from the Multilateral Fund to transition to HCFCs, must be modified to be consistent with the control measures of this Adjustment regarding an accelerated phase-out of HCFCs.

8. For non-Article 5 Parties, the HCFC control measures in Article 2F will be adjusted to accelerate the step-wise reduction schedule, as follows:

(a) Reduce production and consumption by [90%] of base level by [2010]; and

(b) Reduce production and consumption by [99.5%] of base level by [2015], allowing production and consumption of [0.5%] of base level for servicing existing equipment:

9. Allow continued use of HCFCs for certain uses where there are significant environmental benefits, conditioned on the destruction of existing ozone-depleting substances, where:
- (a) such uses would yield a significant environmental benefit, based on factors to include climate benefits, improved energy efficiency, decreased demand for substances controlled under the Kyoto Protocol, and reduced emissions of ozone-depleting substances, and
 - (b) an amount of ozone-depleting substances is destroyed that is [200] percent greater, on an ozone-depleting-potential-weighted basis, than the amount exempted.
10. Allow essential use exemptions for HCFCs as appropriate.

D. Proposed adjustment to the Montreal Protocol by the United States of America

Adjustment Proposal from the United States of America to Accelerate the HCFC Phaseout

Goal

To speed recovery of the ozone layer by accelerating the phaseout of HCFCs.

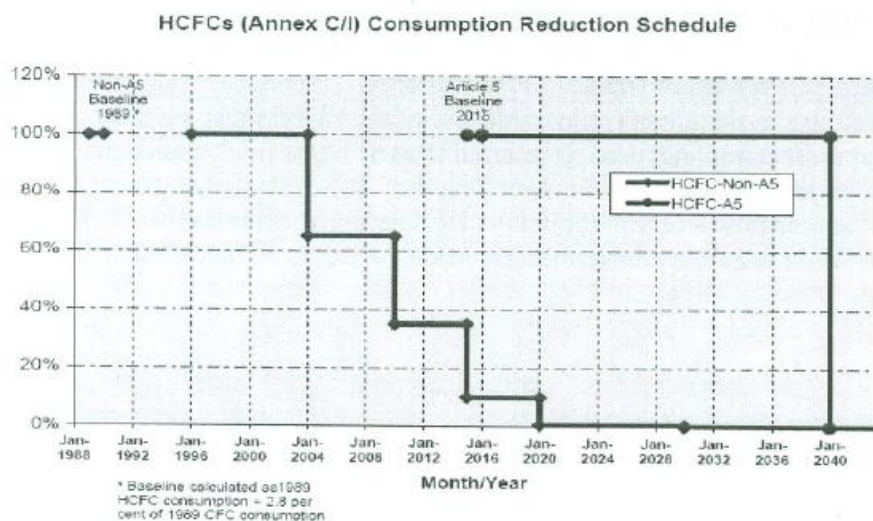
Background

The Montreal Protocol has already made tremendous strides in ending consumption of ozone depleting substances (ODS). The United States consumed more than 2 million pounds per year of ODS when the Montreal Protocol was signed in 1987. To date, we have ended the production and import of over 1.8 million pounds per year of ozone depleting chemicals – a 90% reduction.

An acceleration of the phase-out of hydrochlorofluorocarbons (HCFCs) offers opportunities to speed ozone layer recovery as well as potential climate benefits. Under the Protocol, the Parties have agreed to limit consumption of HCFCs and to phase out consumption, culminating in a complete phase-out for non-Article 5(1) Parties in 2030 and for Article 5(1) Parties in 2040. For non-Article 5(1) Parties the phase-out happens with reduction steps leading to the final date (see Graph 1 for current HCFC consumption reduction schedule).

HCFCs are mainly used in air-conditioning and refrigeration equipment. The Technology Economic Assessment Panel (TEAP) estimates that approximately 75% of global HCFC use is in air-conditioning and refrigeration sectors and is predominantly HCFC-22. HCFCs are also used as foam blowing agents, as solvents and as fire suppressants. There are technically feasible and now commercially available alternatives for most HCFCs applications.

Graph 1 – Existing Montreal Protocol Consumption Reduction Schedule (UNEP Handbook for the Montreal Protocol on Substances that Deplete the Ozone Layer, 2006)



Proposed HCFC Acceleration Adjustment

An acceleration of the existing HCFC phase-out schedule represents an opportunity for hastening recovery of the ozone layer and lowering risks to human health. It is important also to take into account the positive and negative implications of this proposal with respect to climate change. As Parties consider the elements in this proposal, we should analyze and consider not only the benefits to the stratospheric ozone layer, but the possible impacts on the climate system as well.

The proposed elements of an adjustment to the HCFC phase-out listed below are not mutually exclusive. The Parties might choose multiple ways of accelerating the phase-out of HCFCs, and can implement all elements simultaneously. The estimated emission reductions from the current schedule are compared below in Table 1 for the various proposed elements. Each option will contribute to faster recovery of the ozone layer, and also may benefit the climate system once energy gains are calculated.

Table 1 – Proposed HCFC Accelerated Phaseout Elements

Element	Proposal	% Emission Reduction from “Business As Usual”	Tonnage Reduction (ODP tons)
1	Adding Interim Reduction Steps for Article 5(1) Parties - 2020 = 65 % reduction - 2025 = 90 % reduction	41%	472,000
2	Setting an Earlier Baseline Date for Developing Countries - 2010 instead of 2015	28%	319,000
3	Setting an Earlier Phaseout Date for Developed and Developing Countries (10 years earlier for both) - 2020 instead of 2030 for non A5(1) Parties - 2030 instead of 2040 for A5(1) Parties	25%	290,000
4	Phasing Out HCFCs on a “Worst First” Basis – split into two groups with advanced reductions for worst*.	25%	290,000

*Adopting an approach that more quickly reduces the use of the HCFCs that are most damaging to the ozone layer and most commonly used, is referred to as a “worst first” approach, and is a cost-effective way to achieve near-term ozone layer benefits. The estimated emission reductions from the “worst first” approach is a very preliminary calculation that assumes that HCFC-141b, HCFC-22, and HCFC-142b are grouped together and made subject to advanced reductions in their phase-out.

Legal Text - Adjustments

Article 2F: Hydrochlorofluorocarbons

(1) To the end of Paragraph 3, the following sentence shall be added:

Each Party shall also ensure that its calculated level of consumption of HCFC-141b, HCFC-22, or HCFC-142b for the same periods does not exceed, annually, twenty-five per cent of the sum referred to in paragraph 1 of this Article [on a pro-rated ODP basis];

(2) To the end of Paragraph 4, the following sentence shall be added:

Each Party shall also ensure that its calculated level of consumption of HCFC-141b, HCFC-22, or HCFC-142b for the same periods does not exceed, annually, five per cent of the sum referred to in paragraph 1 of this Article [on a pro-rated ODP basis];

(3) Paragraph 5 shall be replaced with the following text:

Each Party shall ensure that for the twelve-month period commencing on 1 January 2020, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed zero;

(4) Paragraph 6 shall be deleted. Accordingly, the current paragraph 7 shall be re-numbered “6”, and the current paragraph 8 shall be re-numbered “7”.

Article 5 (8 *ter*): Special Situation of Developing Countries, Hydrochlorofluorocarbons

(1) In paragraph 8 *ter* (a), for the word “2016” in both sentences, there shall be substituted the word “2011”, and for the word “2015” in both sentences, there shall be substituted the word “2010”.

(2) The following subparagraphs shall be inserted in paragraph 8 *ter* between the current subparagraphs (a) and (b):

(b) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve-month period commencing on 1 January 2020, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed, annually, thirty-five per cent of its calculated level of consumption of these substances in 2010. Each Party shall also ensure that its calculated level of consumption of HCFC-141b, HCFC-22, or HCFC-142b for the same periods does not exceed, annually, twenty-five per cent of its calculated level of consumption of these substances in 2010;

(c) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve-month period commencing on 1 January 2025, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of

Annex C does not exceed, annually, ten per cent of its calculated level of consumption of these substances in 2010. Each Party shall also ensure that its calculated level of consumption of HCFC-141b, HCFC-22, or HCFC-142b for the same periods does not exceed, annually, five per cent of its calculated level of consumption of these substances in 2010;

Accordingly, the current subparagraph (b) shall be re-lettered “(d)”, the current subparagraph (c) shall be re-lettered “(e)”, and the current subparagraph (d) shall be re-lettered “(f)”.

(3) In current subparagraph 8 *ter* (b), for the word “2040”, there shall be substituted the word “2030”.

E. Proposed adjustment to the Montreal Protocol by Argentina and Brazil

Background

Hydrochlorofluorocarbons (HCFCs) are both ozone-depleting substances (ODS) and greenhouse gases. They are classified as controlled substances under Annex-C Group-I of the Montreal Protocol. Their use, therefore, must be controlled and eventually phased-out. In accordance with the control schedule of the Montreal Protocol for Article-5 countries, production and consumption of HCFCs will be subject to a freeze at 2015 levels from 01 January 2016 and are required to be completely eliminated by 2040.

The Montreal Protocol has made significant progress phasing out ODS, while also contributing significantly in addressing climate change. In addition to their ozone depleting potential (ODP), HCFCs also have significant global warming impact due to their relatively high global warming potentials (GWP).

Argentina and Brazil recognize that bending the current significant growth rates to zero-growth in 2016, followed by phased reduction, cannot be achieved without addressing use patterns early on. This implies that actions to control/reduce consumption of HCFCs to ensure compliance with the 2016 freeze would need to be initiated well in advance of that date. Challenges and constraints for such actions include sustained and cost-effective availability of environment-friendly substitutes for HCFCs and access to technology and funding to facilitate transition without undue burden on the economic health of the country and on consumers and industry.

The adjustment proposed by Argentina and Brazil aims at ensuring that the Montreal Protocol is able to continue to provide support for reducing emissions of ODS to protect the ozone layer and, as an additional benefit, further contribute in avoiding dangerous climate change.

The proposed adjustment will contribute to reduce the risk of future ozone depletion, which causes cataracts and skin cancer, suppresses the human immune system, degrades ecosystems, and damages agricultural productivity. People living in countries in the southern hemisphere are particularly vulnerable to the harmful effects of ozone depletion since a hole in the ozone layer was detected above Antarctica in the mid-1980s. The ozone hole has expanded since then, and scientists announced last August that ozone recovery would be delayed until late in the 21st century, in part due to projected increases in emissions of HCFCs.

The proposed adjustment could also make a significant contribution to efforts under the UNFCCC and the Kyoto Protocol to reduce greenhouse gas emissions. This will depend on how the phase-out is structured, and how it drives innovation in new products, processes, and substitutes, including not-in-kind substitutes and conservation.

Management of HCFCs is a crucial activity to be undertaken at the earliest stage, supported, in Article 5 Parties, by adequate technical and financial assistance from the Multilateral Fund for the Implementation of the Montreal Protocol.

To move forward, Argentina and Brazil propose an adjustment of HCFC control measures of the Montreal Protocol to accelerate the phase-out schedule of HCFCs in non-Article 5 Parties and Article 5 Parties. In the case of the latter, this is conditioned to the approval of sufficient funding by the Executive Committee of the Multilateral Fund. Thus, a change in the funding criteria to allow funding of incremental costs associated with the “double transition” to HCFC-free technology is also proposed.

Decision proposal

Noting that action under the Montreal Protocol has contributed to avoiding dangerous climate change by phasing out potent ozone-depleting substances which are also greenhouse gases,

Noting with concern that some alternatives to ozone-depleting substances are also significant greenhouse gases,

Taking into account that the Intergovernmental Panel on Climate Change and the Technology and Economic Assessment Panel highlighted hydrochlorofluorocarbons (HCFCs) as potent global warming substances,

Considering that the Scientific Assessment Panel has identified HCFCs as one of the best target groups to promote ozone layer recovery,

The Nineteenth Meeting of the Parties *decides*:

1. To adopt, in accordance with the procedure in paragraph 9 of Article 2 of the Montreal Protocol, the following adjustments and reductions of production and consumption of the controlled substances listed in Group I Annex C to the Protocol:

Accelerated HCFC Phase-Out for Article 5 Parties

2. For Article 5 Parties, the control measures for HCFCs will be adjusted to:
- Freeze production and consumption of HCFCs in [2012] at a base level of consumption levels in [2010].
 - Implement a step-wise reduction schedule for each HCFC as follows:
 - § By [2015] reduce production and consumption of:
 - § HCFC-22, HCFC-141b and 142b by [20%] of base level
 - § HCFC-123 and 124 by [10%] of base level
 - § By [2020] reduce production and consumption of:
 - § HCFC-22, HCFC-141b and 142b by [40%] of base level
 - § HCFC-21, HCFC-123, HCFC-124 and HCFC-225 by [20%] of base level
 - § By [2025] reduce production and consumption of:
 - § HCFC-22, HCFC-141b and 142b by [65%] of base level
 - § HCFC-21, HCFC-123, HCFC 124 and HCFC-225 by [30%] of base level
 - § By [2030] reduce production and consumption of:
 - § HCFC-22, HCFC-141b and 142b by [100%] of base level
 - § HCFC-21, HCFC-123, HCFC 124 and HCFC-225 by [40%] of base level
 - § By [2035] reduce production and consumption of:
 - § HCFC-21, HCFC-123, HCFC 124 and HCFC-225 by [95%] of base level
 - § By [2040] reduce production and consumption of:
 - § HCFC-21, HCFC-123, HCFC 124 and HCFC-225 by [100%] of base level
 - § By [2009] reduce production and consumption of all other HCFCs by [100%]
3. Permit additional production and consumption of [15%] of base level at each stage of the reduction schedule to meet Basic Domestic Needs of Article 5 Parties.
4. Allow continued use of HCFCs that are recommended by the Technology and Economic Assessment Panel, under criteria it establishes and recommends for approval by the Parties, where there are significant environmental benefits such as advantages in energy efficiency and where the substance is used in lieu of HFCs controlled under the Kyoto Protocol.
5. Allow essential use exemptions for HCFCs as appropriate.

Conditions for Accelerated HCFC Phase-Out for Article 5 Parties

6. That, in the fulfillment of the control schedule set out in paragraph 2 of this Decision, the following conditions shall be met:

(a) The Multilateral Fund shall meet, on a grant basis, all incremental costs of Parties operating under paragraph 1 of Article 5 to enable their compliance with the adjusted control measures on HCFCs. All HCFCs projects will be eligible for funding irrespective of their relative cost effectiveness;

(b) The Executive Committee of the Multilateral Fund should develop and apply specific criteria for HCFCs projects in order to decide which projects to fund first and to ensure that all Parties operating under paragraph 1 of Article 5 are able to meet their obligations regarding HCFCs adjusted control measures;

(c) Future replenishment of the Multilateral Fund should take into account the requirement to provide new and additional adequate financial and technical assistance to enable Parties operating under paragraph 1 of Article 5 to comply with the agreed adjusted control measures on HCFCs ;

(d) The alternatives, substitutes and related technologies necessary to enable compliance with the agreed adjusted control measures on HCFCs must be expeditiously provided to Parties operating under paragraph 1 of Article 5 under fair and most favorable conditions in line with Article 10A of the Protocol;

(e) The Executive Committee should consider ways to enable and promote information exchange on HCFCs alternatives among Parties operating under paragraph 1 of Article 5 and from Parties not operating under paragraph 1 of Article 5 to Parties operating under that paragraph;

(f) The current decisions of the Multilateral Fund regarding funding eligibility are to be reviewed as to enable any HCFC conversion projects for manufacturing plants established after July 1995 to be eligible. Second funding eligibility rules for any enterprise that used the Fund assistance to shift to HCFCs in the past shall also be reviewed;

(g) The extent to which Article 5 Parties will effectively implement the schedule set out in paragraph 2 of this Decision will depend on the effective availability of the resources from the Multilateral Fund.

Accelerated Phase-Out for Non-Article 5 Parties

7. For non-Article 5 Parties, the control measures for HCFCs shall be adjusted to advance the phase-out of HCFC consumption and production to [2020], with appropriate intermediate stages.

8. Allow continued use of HCFCs that are recommended by the Technology and Economic Assessment Panel, under criteria it establishes and recommends for approval by the Parties, where there are significant environmental benefits such as advantages in energy efficiency and where the substance is used in lieu of HFCs controlled under the Kyoto Protocol.

9. Allow essential use exemptions for HCFCs as appropriate.

F. Proposed adjustment to the Montreal Protocol by Iceland, Norway and Switzerland

**PROPOSAL FOR
ADJUSTMENT TO THE MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete THE
OZONE LAYER RELATING TO CONTROLLED SUBSTANCES IN GROUP 1 OF ANNEX C**

Acknowledging the significant challenges still facing the Montreal Protocol to ensure the recovery of the ozone layer to pre-1980 levels,

Noting the conclusion of the Scientific Assessment Panel that significant gains in mitigating depletion of the ozone layer can be achieved by accelerating the reduction and phase-out of hydrochlorofluorocarbons;

Recalling the global spirit of cooperation in protecting the stratospheric ozone layer and the commitment of developed countries to finance the incremental costs of the phase out of ozone-depleting substances,

The Nineteenth Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer decides to adopt, in accordance with the procedure laid down in paragraph 9 of Article 2 of the Montreal Protocol and, on the basis of the assessments made pursuant to Article 6 of the Protocol, the adjustments and reductions of production and consumption of the controlled substances listed in group 1 of Annex C to the Protocol as set out in annex (...) to the report of the Nineteenth Meeting of the Parties;

Annex (...)

**ADJUSTMENTS AGREED AT THE NINETEENTH MEETING OF THE PARTIES RELATING TO
THE CONTROLLED SUBSTANCES IN GROUP 1 OF ANNEX C**

Article 2F: Hydrochlorofluorocarbons

The following paragraph shall be added after paragraph 8 of Article 2F of the Protocol:

9. Each Party producing one or more of these substances shall ensure that:
- (a) For the twelve month period commencing on 1 January 2010, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, thirty-five per cent of the calculated level referred to in paragraph 8 of this Article. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level referred to in paragraph 8 of this Article.
 - (b) For the twelve month period commencing on 1 January 2015, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, ten per cent of the calculated level referred to in

paragraph 8 of this Article. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level referred to in paragraph 8 of this Article.

- (c) For the twelve month period commencing on 1 January 2020, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, zero point five per cent of the quantity referred to in paragraph 8 of this Article. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to one per cent of its calculated level referred to in paragraph 8 of this Article.
- (d) For the twelve month period commencing on 1 January 2030, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed zero. This paragraph will apply save to the extent that the Parties decide to permit the level of production that is necessary to satisfy uses agreed by the Meeting of the Parties to be essential.

Article 5, paragraph 1 bis: Special situation of developing countries

In paragraph 1 *bis* of Article 5 of the Protocol, for the phrase:

decide by 1 January 1996.

there shall be substituted:

decide for the first time by 1 January 1996 and whenever appropriate thereafter

In subparagraph (a) of paragraph 1 *bis* of Article 5 of the Protocol, for the word:

consumption

there shall be substituted:

production and consumption

Article 5, paragraph 8 ter (a): Special situation of developing countries

Pursuant to paragraph 1 *bis* above, subparagraph (a) of paragraph 8 *ter* of Article 5 of the Protocol shall be replaced by the following paragraph:

- (a) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve-month period commencing on 1 January 2015, and in each twelve-month period thereafter, its calculated levels of consumption of the controlled substances in Group I of Annex C does not exceed, annually, the lesser of:

- i. its calculated level of consumption in 2014, or
- ii. 152 percent of its calculated level of consumption in 2005;

Article 5, paragraph 8 ter subparagraphs (b) (c) (d): Special situation of developing countries

In paragraph 8 *ter* of Article 5 of the Protocol the following subparagraphs (b) (c) (d) shall be inserted after the subparagraph (a) above:

- (b) As of 1 January 2010 each Party operating under paragraph 1 of this Article shall comply with the conditions set out in paragraph 7 of Article 2F.
- (c) Each Party operating under paragraph 1 of this Article shall ensure that:
 - i. for the twelve month period commencing on 1 January 2020, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed, annually, sixty-five per cent of its calculated level of consumption referred to in subparagraph (a) of this Article.
 - ii. for the twelve month period commencing on 1 January 2025, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed, annually, thirty-five per cent of its calculated level of consumption referred to in subparagraph (a) of this Article.
 - iii. for the twelve month period commencing on 1 January 2030, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed, annually, zero point five per cent of its calculated level of consumption referred to in subparagraph (a) of this Article.
- (d) Each Party operating under paragraph 1 of this Article shall ensure that for the twelve-month period commencing on 1 January 2040, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex C does not exceed zero. This paragraph will apply save to the extent that the Parties decide to permit the level of consumption that is necessary to satisfy uses agreed by the Meeting of the Parties to be essential.

Article 5, paragraph 8 ter (e), (f) and (g): Special situation of developing countries

Subparagraph (b) of paragraph 8 *ter* of Article 5 of the Protocol shall be replaced by the following subparagraphs (e), (f) and (g):

- (e) Each Party operating under paragraph 1 of this Article producing one or more of the controlled substances in Group I of Annex C shall ensure that for the twelve-month period commencing on 1 January 2015, and in each twelve-month period thereafter, its calculated levels of production of the controlled substances in Group I of Annex C does not exceed, annually, the lesser of:
 - i. the average of its calculated levels of production and consumption in 2014, or
 - ii. 152 percent of the average of its calculated levels of production and consumption in 2005;

- (f) Each Party operating under paragraph 1 of this Article producing one or more of the controlled substances in Group I of Annex C shall ensure that:
- i. for the twelve month period commencing on 1 January 2020, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, sixty-five per cent of its calculated level of production referred to in subparagraph (e) of this Article.
 - ii. for the twelve month period commencing on 1 January 2025, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, thirty-five per cent of its calculated level of production referred to in subparagraph (e) of this Article.
 - iii. for the twelve month period commencing on 1 January 2030, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed, annually, zero point five per cent of its calculated level of production referred to in subparagraph (e) of this Article.
- (g) Each Party operating under paragraph 1 of this Article producing one or more of the controlled substances in Group I of Annex C shall ensure that for the twelve month period commencing on 1 January 2040, and in each twelve-month period thereafter, its calculated level of production of the controlled substances in Group I of Annex C does not exceed zero. This paragraph will apply save to the extent that the Parties decide to permit the level of production that is necessary to satisfy uses agreed by the Meeting of the Parties to be essential.

Article 5, paragraph 8 ter (h) and (i): Special situation of developing countries

Subparagraphs (c) and (d) of paragraph 8 *ter* of Article 5 of the Protocol shall be denoted as subparagraphs (h) and (i), respectively.

Explanatory note

This note explains briefly the rationale for the proposed adjustment to the Montreal Protocol and outlines the major elements of the proposal. It is intended to facilitate the consideration of the issues addressed in the proposal. The note is not part of the proposal.

Phasing-out of HCFCs has been highlighted by the 2006 Science Assessment as an important action to reduce the risk of future ozone depletion. Global levels of HCFC production and consumption are anticipated to increase in an uncontrolled manner in future years. According to the Technical and Economic Assessment Panel (TEAP) HCFC production and consumption will continue to grow uncontrolled in the period 2005-2015 in Article 5 (developing) Parties. In fact, the global production of HCFCs has greatly exceeded TEAP's 1998 prediction of 163,000 tonnes by 2015. Without further action by the Parties, and assuming the current rate of increase, controlled HCFC production in Article 5 countries is likely to exceed 700,000 tonnes in 2015.

Article 5 Parties that commit to control measures such as stepwise reduction schedules become immediately eligible for receiving financial assistance from the Multilateral Fund (MLF) of the Protocol. As the terms of reference (ToR) of the MLF for the next triennium (2009-2011) are to be

finalised in 2007, it is important that concrete control schedules on HCFC production and consumption in Article 5 Parties be timely adopted in order to enable deliberations on allocation of funds that will assist these Parties to comply with their commitments.

This proposal aims at accelerating the phasing-out of HCFCs and thus preventing the adverse consequences of a business as usual (BAU) scenario. To achieve this, the proposal introduces control measures which target:

- 1) The production of HCFCs in non-Article 5(1) and Article 5(1) Parties and
- 2) The consumption of HCFCs in Article 5(1) Parties.

The current control measures on HCFCs under the Montreal Protocol, as well as the major elements of the proposal are outlined in the following:

Current control measures under the Montreal Protocol

Production of HCFCs

Non-Article 5(1) Parties: Production freeze in 2004 at the base level of 1989 -
Indefinite production at the level of freeze from 2004 onwards

Production levels can be exceeded by up to 15% of the base level in order to satisfy the Basic Domestic Needs (BDN) of the Parties.

Article 5(1) Parties: Production freeze in 2016 at the base level of 2015 -
Indefinite production at the level of freeze from 2016 onwards

Consumption of HCFCs

Non-Article 5(1) Parties: Consumption freeze in 1996 at the base level of 1989.
Steps down in: 2004 (-35%); 2010 (-65%); 2015 (-90%); and
2020 (-99.5%). Phase-out in 2030.

Article 5(1) Parties: Consumption freeze in 2016 at the base level of 2015.
Phase-out in 2040.

Proposal outline

The proposal calls for accelerated HCFC phase-out schedules which incorporate the following elements:

- ◆ Introduction of stepwise reduction plans in the HCFC production sectors for both non-Article 5 and Article 5 Parties, with phasing-out in 2030 and 2040, respectively.
- ◆ Introduction of a stepwise reduction plan in HCFC consumption for Article 5 Parties, with phasing-out in 2040.
- ◆ Matching production phase-out schedule with consumption phase out schedule in each group of Parties.
- ◆ Establishing the freeze for HCFC production and consumption in Article 5 countries in 2015.
- ◆ Establishing the baseline production and consumption levels for Article 5 Parties at either:
 - their calculated respective levels in 2014, or
 - 152 % of their calculated respective levels in 2005, whichever is less.

The rationale for using 2005 production and consumption levels as the baselines for production and consumption phase out in Article 5 Parties, is that such an approach allows analysis of proposed control measures and their consequences in the light of *known* figures and, thus, more representative extrapolations than those based on figures for future years. It is also expected that with such provisions stimulation of future consumption and production could be avoided.

The figure 152% represents the factor between the 2005 HCFC consumption in the Article 5 Parties as reported to the Ozone Secretariat (19.8 ODP ktonnes) and their expected HCFC consumption in 2015 according to TEAP's mitigation scenario, estimated to be 30.1 ODP ktonnes. This figure is an update of the mitigation scenario value of 21 ODP ktonnes indicated in the November 2005 TEAP's supplemental report to the IPCC/TEAP special report. The revised value is obtained by multiplying the old value by a factor identical to that reflecting the increase between the 2015 BAU consumption figure of 489 ktonnes indicated in the above mentioned report and the latest updated corresponding value of 700 ktonnes reported by TEAP.

Freezing production and consumption levels in 2015 at the new baseline level (152% of 2005 levels), gives A5 Parties eight years to curb their production and consumption in order to reach the freeze level in 2015. Importantly, committing to such a control measure renders Article 5 Parties immediately eligible to receiving financial assistance from the MLF.

- ◆ Allowing a small percentage of production to satisfy basic domestic needs in Article 5 Parties.
- ◆ Allowing essential use exemptions according to agreed criteria.
- ◆ Requiring that in using HCFCs Article 5 Parties comply, by 2010, with the same conditions as applied to non-Article 5 Parties, namely, endeavouring to ensure that:
 - HCFC use is limited to those applications where other more environmentally suitable alternative substances or technologies are not available.
 - HCFC use outside the usual application areas occurs only in the rare cases where human life or human health is to be protected, and
 - HCFCs are selected for use in a manner that not only minimises ozone depletion, but meets, additionally, other environmental, safety and economic considerations.

The current and proposed control measures on HCFC production and consumption are listed, respectively, in Tables 1 and 2 below.

Table 1: Current and proposed phase-out schedule for HCFC production
(*proposed control measures in bold*)

Control measure	CURRENT Non-article 5 (1)	CURRENT Article 5 (1)	PROPOSED Non-article 5 (1)	PROPOSED Article 5 (1)
Freeze	2004 (on 1989 HCFC production + 2.8% of 1989 CFC production and 1989 HCFC consumption + 2.8% of 1989 CFC consumption)	2016 (on 2015 average of production and consumption)	[current]	2015 (on the lesser of 2014 or 152% of 2005 average of production and consumption)
-35 %			..	2020
-65%			2010	2025
-90%			2015	--
-99.5%			2020	2030
Phase-out			2030	2040
BDN	2004 - 15% of base	2016- 15% of base	10% of base, after 2020: 1% of base	

BDN = Basic Domestic Needs

Table 2: Current and proposed phase-out schedule for HCFC consumption
(*proposed control measures in bold*)

Control measure	CURRENT Non-article 5 (1)	CURRENT Article 5 (1)	PROPOSED Article 5 (1)
Freeze	1996 (on 1989 HCFC consumption + 2.8% of 1989 CFC consumption)	2016 (on 2015 HCFC consumption)	2015 (on the lesser of 2014 or 152% of 2005 HCFC consumption)
-35 %	2004		2020
-65%	2010		2025
-90%	2015		--
-99.5%	2020		2030
Phase-out	2030	2040	2040

III. Draft decisions on administrative matters

A. Draft decision XIX/AA: Ratification of the Vienna Convention, the Montreal Protocol and the London, Copenhagen, Montreal and Beijing amendments to the Protocol

1. To note with satisfaction the large number of countries that have ratified the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer;

2. To note that, as of 21 September 2007, --- Parties had ratified the Vienna Convention on Protection of the Ozone Layer, -- Parties had ratified the Montreal Protocol on Substances that Deplete the Ozone Layer, --- parties had ratified the London Amendment to the Montreal Protocol, --- Parties had ratified the Copenhagen Amendment to the Montreal Protocol, --- Parties had ratified the Montreal Amendment to the Montreal Protocol and -- Parties had ratified the Beijing Amendment to the Montreal Protocol;

3. To urge all States that have not yet done so to ratify, approve or accede to the Vienna Convention and the Montreal Protocol and its amendments, taking into account that universal participation is necessary to ensure the protection of the ozone layer;

B. Draft decision XIX/BB: Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol

To endorse the selection of ----- and ----- as Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol for 2008;

C. Draft decision XIX/CC: Membership of the Implementation Committee

1. To note with appreciation the work done by the Implementation Committee in the year 2007;

2. To confirm the positions of Bolivia, Georgia, India, Tunisia and the Netherlands for one further year and to select -----, -----, -----, ----- and ----- as members of the Committee for a two-year period commencing 1 January 2008;

3. To note the selection of ----- to serve as President and of ----- and ----- to serve as Vice-President and Rapporteur, respectively, of the Implementation Committee for one year with effect from 1 January 2008;

D. Draft decision XIX/DD: Membership of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

1. To note with appreciation the work done by the Executive Committee with the assistance of the Fund Secretariat in the year 2007;

2. To endorse the selection of -----, -----, -----, -----, -----, ----- and ----- as members of the Executive Committee representing Parties not operating under paragraph 1 of Article 5 of the Protocol and the selection of -----, -----, -----, -----, ----- and ----- as members representing Parties operating under that paragraph, for one year effective from 1 January 2008;

3. To note the selection of ----- to serve as Chair and ----- to serve as Vice-Chair of the Executive Committee for one year with effect from 1 January 2008;

E. Draft decision XIX/EE: Twentieth Meeting of the Parties to the Montreal Protocol and Eighth Conference of the Parties to the Vienna Convention

To convene the Twentieth Meeting of the Parties to the Montreal Protocol and the Eighth Conference of the Parties to the Vienna Convention in [] from [] to [] 2008.

IV. Montreal Declaration

The Parties to the Montreal Protocol,

Acknowledging with pride the historic global cooperation achieved over the past twenty years under the Montreal Protocol on Substances that Deplete the Ozone Layer to restore and protect the Earth's ozone layer, and noting in particular:

That the Montreal Protocol has made substantial and verified progress toward the recovery of the ozone layer and is recognized as one of the most successful multilateral environmental agreements,

That the success of the Montreal Protocol reflects unprecedented cooperation between developed and developing countries,

That the Montreal Protocol is founded on the full participation of the Parties and a commitment by developed countries to provide the means for developing countries to fully participate,

That the Montreal Protocol is underpinned by institutions providing scientific, economic, environmental and technical support informing policy making by Parties, as well as a financial institution, namely, the Multilateral Fund for the Implementation of the Montreal Protocol, and an effective compliance mechanism,

Recognizing that the ozone layer will require many decades to recover to pre-1980 levels and that its long-term protection is dependent on continued vigilance, dedication and action by the Parties to the Montreal Protocol,

Recognizing the importance of all Parties meeting their phase-out obligations and taking appropriate steps to prevent new ozone-depleting substances from threatening the ozone layer,

Noting that actions taken to protect the ozone layer have resulted in significant beneficial impacts on global atmospheric issues, notably climate change,

1. *Reaffirm* their commitment to phase out the consumption and production of ozone-depleting substances consistent with their Protocol obligations;
 2. *Agree* to strive for the earliest possible ratification of all of amendments to the Protocol;
 3. *Recognize* the critical role played by the provisions of Articles 5 and 10 of the Protocol in assisting developing countries and the importance of sustaining such assistance to help ensure the further phase out of ozone-depleting substances;
 4. *Agree* that protection of the ozone layer will require a long-term global commitment and will require a sustained level of scientific research, monitoring and vigilance.]
-