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OPEN-ENDED WORKING GROUP OF THE
PARTIES TO THE MONTREAL PROTOCOL
Eleventh meeting
Nairobi, 8-12 May 1995

ISSUES FOR CONSIDERATION BY THE OPEN-ENDED WORKING GROUP AT ITS ELEVENTH MEETING

Note by the Secretariat

Introduction

1. At its eleventh meeting, the Open-ended Working Group of the Parties to the Montreal Protocol is to consider issues on the agenda as communicated to the Parties in document UNEP/OzL.Pro/WG.1/11/1 and UNEP/OzL.Pro/WG.1/11/1/ Add.1 and make recommendations to the Seventh Meeting of the Parties.

2. Article 6 of the Montreal Protocol on Substances that Deplete the Ozone Layer, as amended in 1992, provides that the Parties shall assess the control measures provided for in Article 2 and Articles 2A to 2H on the basis of available scientific, environmental, technical and economic information at least every four years beginning in 1990. The last such assessment was completed in November 1991. The Fourth Meeting of the Parties, held in 1992, adjusted and amended the Protocol on the basis of this assessment and requested the assessment panels to complete their next assessment and submit their reports to the Secretariat by 30 November 1994 (decision IV/13). The Assessment Panels, have completed their work for the 1994 assessment. A synthesis of their reports, prepared by the Co-Chairs of the Panels, and all the assessment reports have been distributed to all the Governments and to other relevant organizations. Pursuant to Article 2, paragraph 9, of the Montreal Protocol, the Parties may decide, based on assessments made pursuant to Article 6, whether further adjustments and reductions in production or consumption of the controlled substances should be undertaken and, if so, what the scope, amount, and timing of any such adjustments and reductions should be. They may also decide on any necessary amendment of the Protocol, following the procedures in Articles 9 and 10 of the Vienna Convention. The report of the Executive Committee on the review under Article 5, paragraph 8, item 3 (f) of the provisional agenda also facilitates such

further amendment of the Protocol while item 3 (g) of the provisional agenda relates to the presentation and consolidation of the proposals for adjustments and amendments to the Protocol.

3. Items 4 and 5 of the provisional agenda relate to clarification of the terms "quarantine", "pre-shipment applications" (used in Article 2H) and "basic domestic needs" (used in Articles 2A to 2F and in Article 5). Item 4 bis of the provisional agenda deals with the report of the Executive Committee on meeting the needs of developing countries for controlled substances during their grace and phase-out periods. Items 6 and 7 relate to the Financial Mechanism.

A. Item 3 (a): Presentation of the report of the Scientific Assessment Panel by Co-Chairs of the Panel, and discussion

4. The report of the Scientific Assessment Panel was distributed in January 1995 to all Governments and other relevant organizations. The report concludes that:

(a) The atmospheric growth rates of several major ozone-depleting substances have slowed, demonstrating the expected impact of the Montreal Protocol and its amendments and adjustments;

(b) The atmospheric abundances of several of the CFC substitutes are increasing;

(c) Record low global ozone levels were observed in 1992 and 1993;

(d) Decreases in ozone abundances of about 4-5 per cent per decade at the northern and southern mid-latitudes continue to be observed by both ground-based and satellite-borne monitoring instruments;

(e) It has been confirmed that halogen chemistry plays a larger role in the chemical destruction of ozone in the lower stratosphere at the mid-latitudes and the conclusion that anthropogenic chlorine and bromine compounds are the cause of polar ozone depletion has been strengthened;

(f) The Antarctic ozone "holes" of 1992 and 1993 were the most severe on record;

(g) Ozone losses have been also detected in the Arctic;

(h) The link between a decrease in stratospheric ozone and an increase in surface ultraviolet (UV) radiation has been strengthened;

(i) Methyl bromide continues to be viewed as a significant ozone-depleting compound;

(j) Ozone losses cause a global-mean cooling of the lower stratosphere;

(k) Tropospheric ozone has increased in many regions of the Northern hemisphere;

(l) Peak and major implications of the global ozone losses are expected to occur in the period around the year 1998;

(m) Maximum ozone losses, relative to the late 1960s, will likely be between 6-13 per cent at northern mid-latitudes and about 11 per cent at southern mid-latitudes. Such changes will be accompanied by an 8-15 per cent increase in surface erythemal radiation;

(n) There are four approaches to lowering stratospheric chlorine and bromine abundances in the early decades of the next century. The percentage reductions in the future chlorine loading, relative to full compliance to the Protocol as amended in Copenhagen, for each of these approaches:

(i) Elimination of the emissions of methyl bromide by the year 2001 - 13 per cent;

(ii) Elimination of emissions of HCFCs by the year 2004 - 5 per cent;

(iii) No release into the atmosphere of the halons presently contained in the equipment - 10 per cent;

(iv) No release to the atmosphere of the CFCs presently contained in equipment - 3 per cent.

B. Item 3 (b): Presentation of the report of the Environmental Effects Assessment Panel by Co-Chairs of the Panel, and discussion

5. The report of the Environmental Effects Assessment Panel was distributed to all Governments and relevant organizations in January and February 1995. The report concludes that:

(a) Enhanced UV levels are clearly associated with the Antarctic springtime ozone reductions;

(b) Global UV levels are predicted to peak around the turn of the century;

(c) The increase in UV-B radiation is likely to have a substantial impact on human health;

(d) Potential risks include increased incidence of eye diseases and of skin cancer and infectious diseases, with concomitant increases in morbidity;

(e) UV radiation has been shown in experimental systems to damage the cornea and lens of the eye;

(f) In areas of the world where infectious diseases already pose a significant challenge to human health and in persons with impaired immune function, the added impact of UV-B-induced immune suppression could be significant;

(g) In susceptible (light-skinned) populations, UV-B radiation is the key risk factor for development of non-melanoma skin cancer (NMSC). It is

estimated that a sustained 1 per cent decrease in stratospheric ozone will result in an increase in NMSC incidence of approximately 2 per cent;

(h) Plant growth can be directly affected by UV-B radiation; in agriculture, this will necessitate using more UV-B-tolerant cultivars and breeding new ones; in forests and grasslands, this will likely result in changes in species composition. Therefore, there are implications for the biodiversity in different ecosystems;

(i) Indirect changes caused by UV-B (such as changes in plant form, biomass allocation to parts of the plant, timing of developmental phases and secondary metabolism) may be equally, or sometimes more, important than the damaging effects of UV-B;

(j) There is a direct reduction in phytoplankton production due to increases in UV-B; one study has indicated a 6-12 per cent reduction in phytoplankton production in the marginal Antarctic ice zone;

(k) Solar UV-B radiation has been found to cause damage to early developmental stages of fish, shrimps, crabs and amphibians;

(l) Increases in solar UV-B radiation could affect terrestrial and aquatic biogeochemical cycles thus altering both sources and sinks of greenhouse gases and chemically important trace gases;

(m) In aquatic ecosystems, primary production is inhibited by enhanced UV-B radiation;

(n) Trifluoroacetate (TFA), a tropospheric oxidation product of certain HFCs and HCFCs, is mildly toxic to most marine and freshwater phytoplankton. It can be broken down by micro-organisms;

(o) The shorter UV-B wavelengths' processes are mainly responsible for photo-damage ranging from discolouration to loss of mechanical integrity.

C. Item 3 (c): Presentation of the report of the Technology and Economic Assessment Panel by Co-Chairs of the Panel, and discussion

6. The report of the Technology and Economic Assessment Panel (TEAP) has been communicated to all the Governments and relevant organizations. The findings of the report are:

(a) The developed countries, except for a number of countries with economies in transition (CEITs), have phased-out halons by 1 January 1994 and are on schedule to phase-out other substances of Annexes A and B by 1 January 1996;

(b) Halon-1301 banking is fully functional in many countries and halon 1211 banking is being considered;

(c) The remaining difficult challenges concern metered-dose inhalers,

cleaning of aerospace equipment and laboratory and analytical applications;

(d) Smuggling of newly produced substances described as recycled is taking place and needs to be curbed;

(e) Methyl bromide has been virtually phased-out in the Netherlands and reduction is at an advanced stage in a few other countries;

(f) The developing countries are making progress in the phase-out of CDS and in a number of areas with the assistance of the Multilateral Fund for the Implementation of the Montreal Protocol and cooperation with multinational companies and organizations. Many challenges remain;

(g) It seems inevitable that in 1996, non-compliance will occur in several CEITs. Significant efforts are required for eventual compliance;

(h) HCFCs remain critical for meeting the near-term CFC phase-out goals and are necessary for certain new refrigeration and air-conditioning applications, for servicing existing installations, for some products and for several important small uses. It is technically and economically feasible to reduce the HCFC cap;

(i) The essential-use process functioned successfully in 1994;

(j) In order to avoid disruption in trade in recycled halons due to the application of the Basel Convention on Transboundary Movements of Hazardous Wastes and their Disposal, Parties to the Montreal Protocol may adopt the decisions suggested in the Panel's report with regard to such trade;

(k) TEAP and the Technical Options Committees may be re-organized for sustainable operation.

7. The Fifth Meeting of the Parties (decision V/19) requested TEAP to assess and report on what control measures for Annex C substances (HCFCs and HBFCs) and Annexes E substance (methyl bromide) are feasible for Parties operating under Article 5, paragraph 1. TEAP has found that there has been more rapid progress than predicted in commercializing non-HCFC replacement of CFCs and halons, and that it is possible to move to non-ODS alternatives and substitutes in a single step, instead of first to HCFCs and then to non-ODS. The report mentions many disadvantages of a grace period with regard to HCFCs for Parties operating under paragraph 1 of Article 5, such as wasteful investments in HCFC technologies; increased costs due to two transitions; loss of access to export markets; and the possibility of dumping of obsolete HCFC equipment in developing countries and of owners of HCFC equipment facing difficulties in finding parts for equipment marketed in only a few locations. TEAP considered it feasible to reduce the HCFC cap in developed countries.

8. The TEAP final report in March 1995 will evaluate a number of scenarios for HCFCs for both developed and developing countries.

9. Regarding methyl bromide, the Methyl Bromide Technical Options Committee (MBTOC) has recommended that the base for Parties operating under paragraph 1 of Article 5 could be the average for consumption for the years 1997-1999 and a nine-year grace period, with review conducted every three years to assess progress towards development and implementation of alternatives. TEAP has suggested a number of approaches for control measures for such Parties, including a 1991 base year, a cap for quantity of uses other than quarantine and pre-shipment, prohibition of construction of new facilities using methyl bromide, etc. The March 1995 report of TEAP is to consider further scenarios.

10. In decision V/20, the Parties of their Fifth Meeting requested TEAP to consider possible application of trade measures under Article 4 of the Protocol to HCFCs and methyl bromide. Article 4 contains provisions regarding control of trade with non-Parties with respect to the controlled substances, products containing the substances and products made with but not containing the substances. TEAP concluded that:

(a) In view of the small number of ratifications of the Copenhagen Amendment so far (39 as at 31 December 1994), trade restrictions on HCFCs at this stage could prolong the dependence of the non-Parties to the Copenhagen Amendment on CFCs and result in greater harm to the ozone layer;

(b) It is technically feasible to identify products containing HCFCs and impose trade restrictions on the import of such products from non-Parties. However, such trade restrictions increase the trade in products containing CFCs;

(c) It would be difficult to identify products made with but not containing HCFCs and, therefore, it is difficult to impose trade measures in respect of those products.

11. TEAP has recommended that the Secretariat's opinion be obtained on the success of the CFC trade measures. The Secretariat is of the opinion that the trade measures have been successful in promoting the Montreal Protocol. However, the Secretariat concurs with TEAP that the Working Group should consider the appropriate time for imposing trade measures for HCFCs.

12. Concerning methyl bromide, as in the case of HCFCs, any trade measures could cause problems for Parties that have not yet ratified the Copenhagen Amendment, but TEAP has recommended a timetable which should give enough time to allow those Parties that have not yet ratified the Copenhagen Amendment to do so. TEAP recommended that the Parties consider the following:

(a) As of 1 January 1996, each Party shall ban the import of methyl bromide from non-Parties (at the present time, methyl bromide is produced only in countries that are Parties to the Protocol);

(b) As of 1 January 1998, each Party shall ban the export of methyl bromide to non-Parties;

(c) By 1 January 1997, the Parties shall determine the feasibility of banning or restricting the import of products containing methyl bromide from non-Parties. If determined feasible, the Parties shall, following the procedures contained in Article 10 of the Vienna Convention for the Protection of the Ozone Layer, elaborate in an annex a list of such products. Parties that have not objected to the annex, shall, in accordance with those procedures and beginning one year from the annex entering into force, ban the import of those products from non-Parties;

(d) By 1 January 1998, the Parties shall determine the feasibility of banning or restricting imports of products made with, but not containing methyl bromide from non-Parties. At the present time, TEAP is not able to recommend any restrictions on products made with, but not containing, methyl bromide, because of technical difficulties in detecting whether or not methyl bromide was used in their production or storage. If determined feasible, the Parties shall, following the procedures in Article 10 of the Vienna Convention, elaborate in an annex a list of such products. Parties that have not objected to the annex, shall in accordance with those procedures and beginning one year of the annex entered into force, ban the import of these products from non-Parties.

D. Item 3 (d) (i): Presentation of the report of the Assessment Panels on evaluation of the technical and economic feasibility, and the environmental, scientific and economic implications of the alternatives to hydrochlorofluorocarbons and methyl bromide (decision VI/13)

13. At their Sixth Meeting the Parties to the Montreal Protocol, requested the Assessment Panels to evaluate the technical and economic feasibility and the environmental, scientific and economic implications of the alternatives to hydrochlorofluorocarbons and methyl bromide (decision VI/13). The report of the Panels on this issue will be ready by 31 March 1995 and will be circulated to all the Governments and relevant organizations.

E. Item 3 (d) (ii): Presentation of the report of the Technology and Economic Assessment Panel on elaboration of the uses, emissions and alternative process agents to controlled substances used as process agents (decision VI/10)

14. By decision VI/10 of the Sixth Meeting of the Parties to the Montreal Protocol, TEAP was requested, inter alia, to identify uses of controlled substances when used as process agents and to evaluate alternative process agents or technologies or products available to replace controlled substances in such uses. The report of TEAP on this issue will be ready and circulated to all the Governments only in May 1995. The Open-ended Working Group may wish to consider this report at its twelfth meeting after receipt of the TEAP report.

F. Item 3 (e): Presentation of the synthesis report by the Chair of the Assessment Panels and discussion

15. The synthesis report of the three assessments of 1994, prepared by the Co-Chairs of the three Assessment Panels, has been issued as document UNEP/OzL.Pro.WG.1/11/3. The report summarizes the findings of the three Assessment Panels and explores the approaches to lowering stratospheric chlorine and bromine abundances beyond those levels already adopted by the Parties. The report examines the impact on the ozone layer and the feasibility of four approaches. Additional controls on methyl bromide - which is the most effective approach - are considered feasible. Further controls on HCFCs are also considered feasible. Both the Scientific Assessment Panels and TEAP will do further work on the feasibility and implications of alternatives to and substitutes for HCFCs and methyl bromide, as requested by the Sixth Meeting of the Parties to the Protocol (decision VI/13) and provide a supplementary report. This report will be ready by the end of March 1995 and will be communicated to all the Governments and relevant organizations. Two other approaches - recovering and destroying CFCs and halons - are not considered feasible, though they would contribute to reduction of the stratospheric chlorine and bromine loading, since recovered and recycled CFCs are considered necessary for servicing of existing equipment and some halons are required for uses for which no alternatives exist.

G. Item 3 (f): Presentation of the report on the review under paragraph 8 of Article 5 of the Protocol (decisions IV/18 and VI/6) by the Chairman of the Executive Committee of the Multilateral Fund and discussion

16. Pursuant to Article 5, paragraph 8 of the Montreal Protocol and decisions IV/18 and VI/6 of the meetings of the Parties, the Seventh Meeting of the Parties is to review the situation of the Parties operating under paragraph 1 of Article 5, including the effective implementation of financial cooperation and transfer of technology to them.

17. The Executive Committee of the Multilateral Fund in May 1994 commissioned a consortium of consultants, led by ICF Incorporated of the United States, with three partners from Tata Energy Research Institute (TERI) of India, the Centre for Environmental Technologies (CETEC) of Malaysia and the Centre for Global Change (CGC) at the University of Maryland, (United States), to undertake a review of the feasibility of alternative phase-out schedules for Article 5 countries, taking into account impediments to and incentives for technology transfer as well as the implementation of the financial mechanism. The report of the review was considered at the fifteenth meeting of the Executive Committee of the Multilateral Fund, which authorized the Fund Secretariat to transmit it to the Ozone Secretariat (the report has been issued as document UNEP/OzL.Pro/WG.1/11/4). That report analyzes 11 different phase-out schedules, and concludes that a phase-out by the year 2006 is feasible, depending on how a significant number of policy and institutional constraints are dealt with.

18. The consortium's report points out that approximately 30 country programmes, or 75 per cent of those submitted to date, indicate the country's intention to eliminate ODS use around 2006. Also, there are sufficient years until 2006 to allow for complete penetration of alternative technologies in

all sectors. However, the report points out the primary constraint of whether Government and the private sector in each Article 5 country can implement phase-out plans by 2006 that are based on the specific factors that drive local ODS consumption.

19. Four primary factors seem to be affecting the feasibility of phase-out in specific countries, and thus the global phase-out: market dynamics; the global commitment and financial support for the phase-out; the actions of Article 5 country Governments; and the time required for societal transition. In addition, four secondary factors that may affect a particular country's phase-out are identified in the report: the process of identifying, evaluating and selecting non-ODS technologies at the project level; the terms of project financing for Article 5 country enterprises; the structure and operation of the Multilateral Fund; and the structure and operation of Ozone Protection Units (OPUs) in Article 5 countries. Most of these factors vary considerably between countries, due to their inherent diversity. The consortium's report adds that the feasibility of the year 2006 and of other phase-out scenarios depends on the time it takes the Parties to the Montreal Protocol to agree to the revised date. The consortium has also worked out the impact of the different scenarios on the cumulative adjusted chlorine loading in the stratosphere.

H. Item 3 (g): Presentation by Parties, and discussion, of proposals for further adjustments and amendments to the Montreal Protocol and consolidation of the proposals

20. Parties have been requested to communicate to the Secretariat any proposals for adjustments and amendment to the Montreal Protocol. All proposals received by the Secretariat prior to the eleventh meeting of the Open-ended Working Group will be submitted to the meeting.

I. Item 4: Consideration of the most suitable definition for "quarantine" and "pre-shipment" applications relating to methyl bromide use (decisions VI/11 and VI/13)

21. At their Sixth Meeting the Parties, in decision VI/11, requested the Open-ended Working Group of the Parties at its eleventh and twelfth meetings to study further the most suitable definition for "quarantine" and "pre-shipment applications" relating to methyl bromide use, along with the report of the Scientific Assessment Panel and TEAP, as called for in decision VI/13. In conformity with decision VI/11, paragraph 2 (c), the Ozone Secretariat requested information from the Food and Agricultural Organization of the United Nations (FAO) concerning definitions of "quarantine" and "pre-shipment applications" relating to methyl bromide use.

22. The response received from FAO with respect to decision VI/11 stated:

(a) In paragraph 1 (a) it is not necessary to mention "diseases" in the definition of quarantine applications, as they are covered by the definition of "pests";

(b) With respect to paragraph 1 (a) (i), official control is that performed or authorized by the National Plant Protection Organization of the country concerned;

(c) With regard to paragraph 1 (b), pre-shipment applications of quarantine treatments are effected usually to meet the phytosanitary requirements of the importing country;

(d) Concerning the lists of injurious pests, referred to in paragraph 4 (a) (iv), the term "quarantine pests" should be used in lieu of "injurious pests".

23. FAO has sent copies of its draft standard relating to "Guidelines for Pest Risk Analysis" and copies of the International Plant Protection Convention. Copies are available to the meeting for reference. FAO has informed that it has not prepared any list of injurious pests.

J. Item 4 (bis): Consideration of updated report on meeting the needs of Article 5 Parties for controlled substances during the grace and phase-out periods (decision IV/29)

24. The Executive Committee of the Multilateral Fund was requested by the Fourth Meeting of the Parties (decision IV/29) to update its report on meeting the needs of Article 5 Parties for controlled substances during the grace and phase-out periods and to submit the update, through the Secretariat, to the Parties at their Seventh Meeting. The updated report is contained in document UNEP/OzL.Pro/WG.1/11/5. It presents the most current global information on production and consumption of ODS, and assesses future needs and the adequacy of future production capacity to meet those needs. The report concludes that there are adequate sources of supply to meet the needs of Article 5 countries throughout the grace and phase-out periods specified in the London and Copenhagen Amendments.

K. Item 5: Clarification, amendment and/or further definition of the term "basic domestic needs" in Articles 2 and 5 of the Montreal Protocol and under decision 1/12 C of the First Meeting of the Parties (decision VI/14 B)

25. The term "basic domestic needs" has been used in the Montreal Protocol in two contexts. The first context, in Articles 2A to 2E and 2H, is to allow Parties not operating under Article 5 to exceed their limits for the production of the controlled substances by specified percentages in order to meet the "basic domestic needs" of Parties operating under Article 5. The second context is in Article 5, paragraph 1, in which developing countries, with consumption of controlled substances below the limits specified in that Article, are entitled to delay for 10 years their compliance with the control measures under Articles 2A to 2E. The term "basic domestic needs" has not been defined in the Protocol.

26. The Ad-Hoc Working Group of Legal and Technical Experts for the Harmonization of Data on Production, Imports and Exports of Substances that

Deplete the Ozone Layer considered, inter alia, the definition or clarification of the term "basic domestic needs" in two meetings (9-11 March 1988, Nairobi, and 24-26 October 1988, the Hague. The recommendation adopted at the second meeting, contained in UNEP/OzL.WG.Data.2/3/Rev.2, paragraph 16, reads:

> "It was a widespread opinion among the experts of the Ad Hoc Working Group that "Basic Domestic Needs" should be understood as not to allow production of products containing controlled substances to expand for the purpose of supplying other countries. However, certain delegates' understanding was that domestic needs could be understood more widely and include the exports and imports of developing countries. It was decided that this subject should be transferred to the first meeting of the Contracting Parties to the Montreal Protocol".

27. The first meeting of the Parties to the Protocol (Helsinki, 2-5 May 1989) considered that recommendation and decided to agree to the following "clarification" of the term "basic domestic needs" in Articles 2 and 5 of the Protocol:

> "Basic domestic needs" referred to in articles 2 and 5 of the Protocol should be understood as not to allow production of products containing controlled substances to expand for the purpose of supplying other countries" (UNEP/OzL.Pro.1/5, paragraph 12 C).

28. The clarification is a negative one and only covers production of products containing the controlled substances. No clarification regarding the production and consumption of controlled substances themselves or production and consumption of products made with, but not containing, controlled substances emerged from the First Meeting of the Parties. Further meetings of the Parties did not add anything on this issue. A clarification on all the aspects will assist uniform interpretation, the monitoring of compliance with the control measures by all the Parties and the smooth functioning of the Financial Mechanism.

29. The Sixth Meeting of the Parties (Nairobi, 6-7 October 1994) adopted decision VI/14 B, which states:

> "To request the Open-ended Working Group to make recommendations to the Seventh Meeting of the Parties concerning the following issues:
>
> (a) The need for clarification, amendment and/or further definition and of provisions regarding "basic domestic needs" in Articles 2 and 5 of the Montreal Protocol and under decision 1/12 C of the First Meeting of the Parties;
>
> (b) What appropriate measures, such as reports under Article 7, should be taken for implementation of provisions related to "basic domestic needs" in Articles 2 and 5 of the Protocol".

30. The Parties at their Fifth and Sixth Meetings adopted decisions V/25 and

VI/14 A to facilitate the implementation of the provision of the Protocol concerning supply of substances to meet the basic domestic needs of the Parties operating under paragraph 1 of Article 5.

31. The above decisions have not clarified the term "basic domestic needs" any further, presumably assuming that it is up to each Party to interpret the Protocol for itself in good faith. However, the prescribed reporting will help in providing better oversight on the imports and exports of the controlled substances.

L. Item 6: Consideration of the report on the review of review of the Financial Mechanism established by Article 10 of the Protocol (decisions IV/18, V/12 and VI/6)

32. At its tenth meeting (Nairobi, 5-8 July 1994), the Open-ended Working Group of the Parties adopted the terms of reference for the study on the Financial Mechanism and selected a six-member Steering Panel to supervise the evaluation and review of the operation of the Mechanism. The role of the Steering Panel was to ensure that the consultant selected to conduct the study faithfully adhered to the terms of reference and that the methodologies used were rigorous and sound.

33. Observing the procedures of the United Nations and weighing the relative merits of seven consulting firms which tendered bids for the study, the firm of Messrs. COWIconsult of Denmark was selected to undertake the study and prepare a report on the Financial Mechanism. The Sixth Meeting of the Parties approved the loan of $450,000 from the Multilateral Fund to the Secretariat to facilitate the review of the Financial Mechanism. The Steering Panel met twice to finalize its guidance to the consultant and once to comment on the report of the consultant. The report will be finalized by 15 February and circulated to all the Governments and other relevant organizations.

M. Item 7: Modification of the indicative list of categories of incremental costs under the Montreal Protocol (decision VI/18)

34. A proposal to modify the indicative list of categories of incremental costs, contained in document UNEP/OzL.Pro/WG.1/10/5, was first submitted by India and Malaysia to the tenth meeting of the Open-ended Working Group in July 1994. The Working Group referred the proposal to the Sixth Meeting of the Parties for further consideration. In decision VI/18 the Parties requested the Open-ended Working Group to examine the proposal to amend the indicative list of categories of incremental costs under the Montreal Protocol, as proposed by India and Malaysia, and any other related specific proposals brought by the Parties to the eleventh meeting of the Open-ended Working Group.
