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**Open-ended Working Group of the Parties to  
the Montreal Protocol on Substances that  
Deplete the Ozone Layer**  
Twenty-sixth meeting  
Montreal, 3–6 July 2006

**Report of the twenty-sixth meeting of the Open-ended Working  
Group of the Parties to the Montreal Protocol**

**I. Opening of the meeting**

1. The twenty-sixth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer was held in Montreal from 3 to 6 July 2006. The meeting was co-chaired by Mr. Nadzri Yahaya (Malaysia) and Mr. Tom Land (United States of America).
2. The meeting was opened at 10.35 a.m. on 3 July by Mr. Yahaya, who welcomed the participants before giving the floor to Mr. Marco González, the Executive Secretary of the Ozone Secretariat, to deliver an opening statement.
3. Mr. González, speaking on behalf of Mr. Achim Steiner, the new Executive Director of the United Nations Environment Programme (UNEP), warmly welcomed the participants to the symbolic city of Montreal, noting the accomplishments to date in meeting the requirements of the Montreal Protocol. Parties not operating under paragraph 1 of Article 5 (non-Article 5 Parties) had achieved reductions in the consumption of ozone-depleting substances of almost 99 per cent from their base year levels – the remaining small amount representing methyl bromide and carbon tetrachloride exemptions and the remaining consumption of hydrochlorofluorocarbons (HCFCs). Parties operating under paragraph 1 of Article 5 (Article 5 Parties) had achieved significant reductions of almost 60 per cent from the peak consumption levels, paving the way for the early fulfilment of the Protocol's objectives. Projects to phase out most of the remaining consumption had already been funded by the Multilateral Fund for the Implementation of the Montreal Protocol, leaving only the phase-out of an estimated 10 per cent of current base year consumption (excluding HCFCs) yet to be funded.
4. He attributed the Parties' success to the extraordinary cooperation which had been maintained under the Protocol: cooperation between the Parties, which had led to innovations such as the creation of the Multilateral Fund and the continuation of its fruitful work; cooperation between Governments and industry, which had led to the development of new technologies and the establishment of the assessment panels, which in turn had provided Parties with invaluable advice; and cooperation between Governments and civil society, which had led the entire globe to work together to tackle a critical environmental issue.

5. He noted, however, that while the Parties and indeed the entire world should be proud of the accomplishments achieved so far, Governments had to remain both focused and committed because the fulfilment of the remaining obligations under the Protocol was essential to the long-term recovery of the ozone layer and was likely to present many challenges, especially for Article 5 Parties.

6. He drew attention to the note by the Secretariat contained in document UNEP/OzL.Pro.WG.1/26/2, which provided a summary of issues for discussion at the meeting. In its first chapter, the note referred to issues included on the agenda in response to requests or decisions of the Parties, including: essential-use exemptions for non-Article 5 Parties for chlorofluorocarbon (CFC) metered-dose inhalers, the use of which continued to decline in those Parties; critical-use exemptions for methyl bromide, which were similarly decreasing in number; and issues presented in various reports by the Technology and Economic Assessment Panel (TEAP), including on the use of methyl bromide for quarantine and pre-shipment uses and on opportunities for reducing emissions of carbon tetrachloride, which continued to be used in high volumes.

7. In its second chapter, the note outlined other issues that the Secretariat wished to bring to the attention of the Parties; it contained, among other things, an analysis of the state of phase-out of ozone-depleting substances and an examination of certain issues linked to the institutions created to deal with the global ozone problem. He invited Parties to give that issue, and all other issues linked to the future of the Protocol's institutions, the attention they deserved and expressed the hope that the understanding and cooperation which had characterized the ozone community in the past would be maintained throughout the current meeting, noting with particular satisfaction the efforts made at the Seventeenth Meeting of the Parties to promote continued compliance with the obligations under the Protocol.

8. In closing, he noted that at the current meeting the Government of India would give a presentation on preparations for the Eighteenth Meeting of the Parties, which would take place in New Delhi from 30 October to 3 November 2006, and that the Secretariat would make a presentation on its new web-based service for online data access. He expressed the hope that the documents prepared for the meeting together with the presentations to be given would enable discussion and smooth negotiations on all issues.

9. Following the opening statement by Mr. González, the representative of Bulgaria paid tribute to the late Ms. Lidia Assenova, Bulgaria's national ozone officer, who had passed away shortly before, commending her former colleague's untiring commitment to the Montreal Protocol. The Working Group then observed a minute of silence in memory of Ms. Assenova.

## **II. Organizational matters**

### **A. Attendance**

10. The following Parties to the Montreal Protocol were present: Afghanistan, Antigua and Barbuda, Argentina, Armenia, Australia, Austria, Azerbaijan, Bangladesh, Barbados, Belarus, Belgium, Bhutan, Bosnia and Herzegovina, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cambodia, Cameroon, Canada, Central African Republic, Chad, Chile, China, Colombia, Comoros, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Dominican Republic, Ecuador, Egypt, Estonia, European Community, Fiji, Finland, France, Gabon, Georgia, Germany, Ghana, Guatemala, Guinea, Guinea-Bissau, Haiti, Hungary, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Jamaica, Japan, Jordan, Kazakhstan, Kenya, Kiribati, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Lebanon, Malaysia, Mali, Mauritius, Mexico, Morocco, Mozambique, Namibia, Nepal, Netherlands, New Zealand, Nicaragua, Niger, Nigeria, Norway, Oman, Pakistan, Papua New Guinea, Peru, Philippines, Poland, Qatar, Republic of Korea, Republic of Moldova, Romania, Russian Federation, Rwanda, Saint Kitts and Nevis, Saint Lucia, Saint Vincent and the Grenadines, Senegal, Serbia and Montenegro, Seychelles, Slovakia, Slovenia, Somalia, South Africa, Spain, Sri Lanka, Sudan, Suriname, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, The Former Yugoslav Republic of Macedonia, Togo, Trinidad and Tobago, Tunisia, Turkey, Turkmenistan, Uganda, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Uzbekistan, Viet Nam, Zambia and Zimbabwe.

11. Observers from the following United Nations entities, organizations and specialized agencies were also present: United Nations Development Programme, United Nations Environment Programme Division of Technology, Industry and Economics, United Nations Framework Convention on Climate Change, United Nations Industrial Development Organization, World Bank, secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol, Scientific Assessment Panel, Technology and Economic Assessment Panel and its technical options committees.

12. The following individuals and intergovernmental and non-governmental organizations were also represented: Alliance for Responsible Atmospheric Policy, American Lung Association, Arysta LifeScience Corporation, Australian Rice Growers (Sunrice), Boehringer Ingelheim Pharmaceuticals Inc., California Cut Flowers, California Strawberry Commission, Campesinos de California, Chemtura, Crop Protection Coalition, DOW Agrosocieties LLC., Ecuadorian Methyl Bromide Committee, Environmental Affairs Council, Environmental Investigation Agency Inc., Environmental Solutions Group (LLC), Florida Fruit and Vegetable Association, Florida Tomato Exchange, Fumigation Service and Supply Inc., Greenpeace International, Haley and Associates, Industrial Technology Research Institute, Institute for Governments and Sustainable Development, International Council of Environmental Law, International Pharmaceutical Aerosol Consortium, Japan Industrial Conference for the Ozone Layer, Mebrom, Natural Resources Defence Council, R&M Consultancy, Inc., Mr. Ranjoy Basu Ray, Skadden, Arps, Slate, Meagher and Flom LLP., Tapeco Consultants Inc., Touchdown Consulting SPRL, Trical Inc., United Phosphorous Limited and Universidade Presbiteriana Mackenzie.

## **B. Adoption of the agenda**

13. The following agenda was adopted on the basis of the provisional agenda contained in document UNEP/OzL.Pro.WG.1/26/1:

1. Opening of the meeting.
2. Organizational matters:
  - (a) Adoption of the agenda;
  - (b) Organization of work.
3. Consideration of issues arising out of the 2006 progress report of the Technology and Economic Assessment Panel:
  - (a) Review of any new nominations for essential-use exemptions for 2007 and 2008;
  - (b) Review of draft terms of reference for case studies called for under decision XVII/17 on environmentally sound destruction of ozone-depleting substances;
  - (c) Sources of carbon tetrachloride emissions and opportunities for reductions (decision XVI/14);
  - (d) Any other issues arising out of Technology and Economic Assessment Panel reports.
4. Consideration of methyl-bromide-related issues:
  - (a) Review of nominations for critical-use exemptions for methyl bromide for 2007 and 2008;
  - (b) Report on the possible need for methyl bromide critical-use exemptions over the next few years based on a review of methyl bromide national management strategies (decision Ex.I/4, subparagraph 9 (d));
  - (c) Reporting on quarantine and pre-shipment matters (decisions XI/13, paragraph 4, XVI/10 and XVII/9, paragraph 8);
  - (d) Multi-year exemptions for methyl bromide use (decision XVI/3);
  - (e) Options which Parties may consider for preventing potential harmful trade in methyl bromide stocks to Article 5 Parties as consumption is reduced in non-Article 5 Parties (decision Ex.I/4, subparagraph 9 (a));
  - (f) Technology and Economic Assessment Panel report on laboratory and analytical uses of methyl bromide (decision XVII/10).
5. Difficulties faced by some Article 5 Parties manufacturing metered-dose inhalers which use chlorofluorocarbons (decision XVII/14).

6. Treatment of stockpiled ozone-depleting substances relative to compliance (UNEP/OzL.Conv.7/7-UNEP/OzL.Pro.17/11, paragraph 180).
7. Guidelines for disclosure of interest for groups such as the Technology and Economic Assessment Panel and its technical options committees.
8. Discussion of any proposed adjustments to the Montreal Protocol.
9. Discussion of any proposed amendments to the Montreal Protocol.
10. Other matters.
11. Adoption of the report.
12. Closure of the meeting.

14. The Working Group agreed that, prior to taking up agenda item 3, it would invite the Co-Chair of the Scientific Assessment Panel to make a presentation on the Panel's work. It also agreed that, at an appropriate time during the meeting, the representative of India would be invited to make a presentation on arrangements for the Eighteenth Meeting of the Parties and the Secretariat would be asked to make a presentation on the new data access feature on its website. It agreed further to consider the dates of upcoming meetings, a proposal by Canada to identify and discuss key issues that would be faced by the Parties over the next few decades and issues raised by China on table A bis of decision XVII/8.

### **C. Organization of work**

15. The Co-Chair reviewed some administrative matters before presenting a proposal on the organization of work, which the Working Group adopted.

## **III. Consideration of issues arising out of the 2006 progress report of the Technology and Economic Assessment Panel**

### **A. Presentation of the reports of the Panel and of its technical options committees**

16. Mr. Lambert Kuijpers, Co-Chair of the Technology and Economic Assessment Panel (TEAP), introduced the Panel's 2006 progress report and invited the co-chairs of the Panel's six technical options committees to present their findings to the Open-ended Working Group.

#### **1. Medical Technical Options Committee**

17. Mr. Ashley Woodcock, Co-Chair of the Medical Technical Options Committee, reported on the deliberations of that body.

18. With regard to essential-use nominations for CFCs for metered-dose inhalers for non-Article 5 Parties, he noted that the Committee had reviewed and was recommending the nominations of the European Community for 535 metric tonnes of CFCs for 2007 and the nomination of the United States of America for 385 metric tonnes of CFCs for 2008. It was the Committee's view, however, that the two Parties should use their existing stocks of CFCs before undertaking fresh production. He also noted the Panel's belief that combination products would no longer satisfy the essential-use criteria when the drugs in such products were available in CFC-free alternatives. In the future, the Panel would not recommend exemptions to companies for CFC metered-dose inhalers if those companies were also marketing CFC-free inhalers with the same active ingredient on the same market. With regard to the current nominations, he noted that the quantities requested by the European Community amounted to an increase in overall CFC use within the European Community. The United States of America's nomination, while substantially reduced from the previous year's level, might create a situation in which the full essential-use allocation for 2007 would not be necessary. He also noted the Panel's view that the United States of America should account for all pre-1996 stocks, that such stocks should be used first, and that, if stocks were not drawn down by the end of 2007, the country faced the likelihood of having to destroy significant quantities of its inventory following the end of phase-out.

19. Following Mr. Woodcock's presentation, Ms. Helen Tope, Co-Chair of the Committee, reported on progress in the transition from CFC metered-dose inhalers. She stated that 2,699 metric tonnes of CFCs had been used in the manufacture of metered-dose inhalers under essential-use exemptions in 2005 (a 5 per cent decrease from 2004), that technically satisfactory alternatives to CFC inhalers were available for most categories of use, that Japan had concluded its phase-out in 2005 and that the Russian Federation was still committed to a 2007 phase-out even though it was facing some difficulties in completing its transition.

20. Finally, with regard to the difficulties faced by some Article 5 Parties in terms of CFCs used in metered-dose inhaler manufacture, she noted that some Article 5 producers might be unable to comply with the 85 per cent reduction in 2007 required by the Protocol. She also noted, however, that the global phase-out of CFC metered-dose inhalers should be achievable by 2010, given the widespread availability of alternatives; challenges, she said, could be overcome by technology transfer, product launches and strategy implementation. It was therefore crucial for those Parties to develop management strategies tailored to their individual situations. If it became apparent that Article 5 Parties would be unable to phase out CFC metered-dose inhalers by 2009, it might be necessary to authorize final campaign production to meet anticipated future needs after 2009, when CFC production for essential uses might become economically impractical.

21. In response to questions about the challenges faced by Article 5 Parties in their phase-out of CFC metered-dose inhalers and the need to ensure that alternatives were safe and effective, the Co-Chair acknowledged those challenges and noted the Committee's desire for more country-specific information from Article 5 Parties so that it might be more helpful in the future. In addition, the Co-Chair indicated that there had been an increase in the number of Committee members from Article 5 Parties and that efforts had been made to include members with experience in intellectual property, in order to address Article 5 Party-related issues more effectively. Finally, the Co-Chair stressed the Panel's belief that the available CFC alternatives had proven to be both safe and effective.

22. One representative highlighted that, while the Committee had drawn the conclusion that the impact of patents would not constitute an insurmountable barrier to phase-out, it had not considered process patents in its analysis. In response to that statement, the Co-Chair reiterated that, while generally speaking the Committee did not believe that formulation patents were an impediment to phase-out, it did acknowledge that there might be local-level issues beyond the knowledge of its members; it would therefore welcome any information from the Parties on such issues.

23. In response to questions about the 2010 deadline for the transition to non-CFC metered-dose inhalers and the resources needed for transition strategies, the Co-Chair noted that, while some projects had been approved, not many had been completed.

24. During the discussion, one representative suggested that Article 5 Parties should be encouraged to import non-CFC metered-dose inhalers. Others observed that, given CFC metered-dose inhaler use patterns in Article 5 Parties, it was unlikely that the conversion in Article 5 Parties would be completed by 2010 without assistance.

25. In response to a question about future approvals of combination products, the Co-Chair confirmed the Committee's strong predisposition towards not recommending exemptions in the future for combination products and expressed the view that it would require strong evidence of the need for such products if their individual active ingredients had been approved in non-CFC-containing products for several years. She also confirmed, however, that the summary the Co-Chair had given to the meeting on the issue was stronger than the conclusions expressed by the Panel in its report.

## **2. Chemical Technical Options Committee**

26. Mr. Ian Rae, Co-Chair of the Chemical Technical Options Committee, reviewed topics from each of the categories covered in the 2006 TEAP progress report. Regarding process agents, he noted that the Committee and TEAP had reviewed the outstanding requests for exemptions from Brazil and Turkey. Regarding the process described by Brazil, the Panel had concluded that the use of carbon tetrachloride constituted a process agent, but indicated that Brazil had phased out that use in 2000. With regard to Turkey's use of bromochloromethane for the production of an antibiotic, the Panel had concluded that, while some of the chemical was consumed as a feedstock, its primary use was as a process agent and it was therefore recommended as such. Finally, with respect to process agent applications, he stated that, in some cases, it might be possible to use HCFCs in the place of currently used chemicals with higher ozone-depleting potential.

27. Recalling the request in decision XVII/10 for the Panel to consider laboratory and analytical uses of methyl bromide, the Co-Chair said that, while it might be possible to replace methyl bromide for some laboratory uses with chemicals such as methyl iodide, it would be more difficult to replace methyl bromide for analytical uses. In terms of the relevance of the existing categories and criteria for laboratory and analytical essential uses, the Panel had concluded that those adopted by the Sixth Meeting of the Parties could also cover related methyl bromide uses, while the critical-use exemption process could continue to apply to larger quantities of methyl bromide. Finally, with regard to other ozone-depleting substances, he noted that although there had been little progress in finding alternatives for laboratory and analytical uses, work being done on the adoption of green chemistry practices would be likely to reduce the need for ozone-depleting substances for such uses in future years.

28. Regarding non-medical aerosols, the Co-Chair noted that while CFCs were still being used for such products by a few Article 5 Parties, there were no technical barriers to their phase-out; he said that they should be phased out soon.

29. Following Mr. Rae's presentation, Mr. Yamabe, Co-Chair of the Committee, reported on carbon tetrachloride-related issues. Recalling decision XVI/14, in which the Meeting of the Parties had requested the Panel to assess global emissions of carbon tetrachloride for certain categories of use, including feedstocks and process agents, and to recommend methods for reducing related emissions, the Co-Chair outlined the assumptions used in the assessment undertaken by the Panel in response to the decision, including estimated emission rates. The Co-Chair noted that atmospheric concentrations of carbon tetrachloride suggested that industrial emissions were higher than the levels that could be derived from estimates of production and use, but that the source of the discrepancy between figures calculated from atmospheric levels and use estimates was unclear.

30. With regard to n-propyl bromide, the Co-Chair stated that annual consumption for 2005 was estimated at between 5,000 and 10,000 metric tonnes, with emissions estimated at half that level. He noted, however, that the use of n-propyl bromide was likely to decrease over time due to concerns over toxicity and consequent regulation.

31. The Co-Chair noted that a nomination for an essential-use exemption for the use of CFC-113 in aerospace applications had been received from the Russian Federation in April 2006 for the years 2007–2010 and that the Panel had suggested that the Parties consider a one-year exemption for 2007, pending more in-depth review and collaboration with the Russian Federation in the year ahead on a possible exemption for the years 2008–2010.

32. Finally, the Co-Chair noted the request in decision XVII/17 to the Panel to review possible synergies between the Montreal Protocol and other conventions, including the Basel Convention on the Transboundary Movement of Hazardous Wastes and Their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention on Persistent Organic Pollutants. He suggested that, as well as in the area of destruction, there could also be some synergies in the implementation of best practices to reduce and eliminate the use of chemicals and their wastes.

33. In response to a question regarding the laboratory uses of methyl bromide, the Co-Chair noted the Panel's conclusion that the existing categories and criteria would not cover uses linked to research into alternatives, but that methyl bromide for such uses would continue to be covered by critical-use nominations.

34. In response to questions about the study on carbon tetrachloride requested in decision XVI/14, the Co-Chair explained the Panel's understanding that the carbon tetrachloride production sector agreements approved by the Multilateral Fund might not have addressed inadvertent production. He reiterated that the source of the discrepancy that existed between atmospheric concentrations of carbon tetrachloride and reported levels of industrial uses was unknown. In terms of emissions from production, it was the Panel's assumption that emissions were between 1 per cent and 5 per cent, but he acknowledged that in some cases they might be higher and said that those issues would be examined further in the future.

35. In response to a question on synergies between the Protocol and other agreements, the Co-Chair confirmed that the Panel had explored situations in which actions could be taken that might benefit more than one multilateral environmental agreement. It had considered only positive synergies and had not looked at negative synergies, aside from the issue of ozone-depleting substances that could cause global warming problems.

### 3. Foams Technical Options Committee

36. Mr. Miguel Quintero, Co-Chair of the Foams Technical Options Committee, reviewed the main findings of the Committee's 2006 report. In Article 5 Parties, he reported, the use of hydrocarbon foam in appliances was continuing to grow, particularly in the largest Asian and Latin American countries. Hydrofluorocarbons (HFCs) were being used particularly for export markets and, in general, HCFCs continued to be the major foam blowing agent in some applications. The majority of CFC conversion projects were materially complete and the price of CFCs was consistently above the price of HCFCs, thereby aiding the transition process. In developed countries, the use of HCFC-141b was very limited due to use bans in key markets. Regulatory, economic and market pressures continued to limit the uptake of HFCs in the foams area, thereby making further investment less likely in the short term and leaving hydrocarbons in a more dominant position. Recovery of blowing agents from appliances continued but levels varied significantly. Finally, he noted the continuing work to forecast emissions.

### 4. Halons Technical Options Committee

37. Mr. David Catchpole, Co-Chair of the Halon Technical Options Committee, reviewed the main findings of the Committee's March 2006 meeting.

38. Regarding decision XV/11 and the effort to use alternatives to halons in new airframes, the Co-Chair reported that a study on civil aviation halon use had been completed and a draft report had been prepared and would be reviewed with officials from the International Civil Aviation Organization. In addition, following the positive reception of an article on the topic in the Organization's journal in December 2005, a second article was being prepared for publication in late 2006 or early 2007.

39. He noted that some Article 5 Parties were having problems with the transition away from halons and with the contamination of halon stocks with CFCs or other materials. South Africa, for example, had reported that 95 per cent of tested halon-1301 stocks did not meet the specifications of the International Organization for Standardization. He also reported that work was continuing on halon bank and emission model predictions. The updated halon-1301 model indicated that emissions were significantly less than previously estimated and thus the halon bank was larger than previously estimated.

40. After noting the continuing concern about the unavailability of halon-2402 outside the Russian Federation to supply products historically produced in the former Soviet Union, he said that halon-1301 was being used as a feedstock and drew attention to the fact that the potential availability of halon-1301 at lower prices than recycled halon might discourage the aviation industry from using alternatives. He also noted that new production of halon for feedstock uses might be unnecessary given the ability to reprocess banked material to international purity standards.

41. With regard to the production of halon-1301 for use as a feedstock in the production of a pesticide, one representative noted that his country intended to do further work in an effort to minimize such production.

### 5. Methyl Bromide Technical Options Committee

42. Ms. Marta Pizano, Co-Chair of the Methyl Bromide Technical Options Committee (MBTOC), introduced the Committee's report for 2006, noting that the Committee had been assigned 12 key tasks, including reviewing critical-use nominations, providing advice on harmful trade and completing the quadrennial assessment report.

43. After reviewing the global reduction in methyl bromide consumption, she noted three factors that were putting continued progress at risk: first, critical-use exemptions in some countries were creating a competitive disadvantage for some alternatives and for Article 5 producers that had already phased out methyl bromide consumption; second, the promotion of methyl bromide was continuing; and third, the global over-supply of methyl bromide was leading to falling prices and increased use in some Article 5 Parties.

44. After noting that it might be useful to finance investigations into suitable alternatives to methyl bromide in the production of high-moisture fresh dates, as alternatives had not yet been identified, she reviewed the most effective alternatives for replacing methyl bromide in pre-plant soil uses. Specifically, she made reference to 1,3-D/Pic, chloropicrin and non-chemical techniques, including safer drip irrigation practices. She noted that in some cases, uptake of 1,3-D/Pic was limited by

regulatory restrictions. She also reviewed potential new alternatives undergoing trials, including dimethyl disulphide, cyanogen and sodium azide.

45. On the post-harvest side, she noted slow but steady progress in the adoption of alternatives for mills and food processing, including: the use of heat, integrated pest management, phosphine (when corrosion concerns were managed) and sulphuryl fluoride (alone or in combination with heat); good progress in the adoption of alternatives for commodities (with phosphine adopted widely and heat, cold and modified atmospheres being used in some areas); and slower adoption for quarantine alternatives. She noted, however, that methyl bromide and most alternative fumigants were undergoing re-registration in the United States of America and the European Union and that the loss or substantial further restriction of chloropicrin or phosphine could lead to pressure to revert to methyl bromide if it remained available.

46. On the issue of recapture, recycling and destruction, the Co-Chair of the Committee noted that technology was available and particularly applicable to commodity fumigation chambers and that such technology was in commercial operation in several countries, but its use had been limited and driven mostly by local environmental or occupational health and safety concerns.

47. Regarding decision XVII/11 on recapture and destruction of methyl bromide, data had been received from one Party on the use of a system using activated charcoal followed by destruction. Commercial implementation had been described for containers, chambers and use under tarps.

48. Addressing quarantine and pre-shipment uses, Mr. Jonathan Banks, Chair of the TEAP Quarantine and Pre-shipment Task Force, reported on the findings of that group, based primarily on a consultant's 2004 study and further data supplied by the Parties pursuant to decision XVI/10. He noted that in 2002–2004, annual consumption of methyl bromide for quarantine and pre-shipment had been reported by 70 Parties at approximately 10,600 metric tonnes. Annual usage was 65 per cent of that level according to the gross survey results and 50 per cent according to Parties reporting by specific uses. Five Parties had reported annual consumption greater than 100 metric tonnes for quarantine and pre-shipment uses. In terms of key uses, soil uses were the most common, followed by grains (the most common pre-shipment use), wood and timber, fresh produce, wooden packaging materials and dried foodstuffs. He noted, however, that the timing of the study relative to the new International Plant Protection Convention's Guidelines for Regulating Wood Packaging Material in International Trade (ISPM 15)<sup>1</sup> and the incomplete nature of the data available to the Task Force could make the findings less than fully reliable. He further noted the suggestion by an independent review that reporting of consumption for whole logs and wood was likely to have been substantially under-reported. Finally, he indicated that a comprehensive discussion on alternatives for quarantine and pre-shipment applications would be included in the Committee's 2006 report.

49. In response to a request for more information on chemical alternatives and their effectiveness and side effects, the Co-Chair of the Committee noted that alternatives were described in the Committee's 2002 report and would be described and updated in its 2006 report. He also noted that the combined use of chemical and non-chemical alternatives could often provide the most effective control.

50. In response to a question regarding the efficacy of available heat treatment methods for mills, namely external and internal heating which currently seemed to be the two primary options, the Co-Chair noted that the Committee would have a more thorough discussion of those two options in its 2006 report. Ultimately, however, as the best option would depend on the technical specifications of the site, selection would need to be made on a site-by-site basis.

51. In response to a number of questions, the Chair of the Quarantine and Pre-shipment Task Force explained that the Task Force had not included one country's quarantine and pre-shipment data due to difficulties with the data. He also noted that the adoption of the ISPM 15 standard, requiring the use of methyl bromide or heat treatment, had sparked concerns that there would be a substantial increase in the use of methyl bromide. Those concerns could not yet be justified, however, because Parties had not yet submitted data for a time period covering the period of widespread applicability of ISPM 15. Finally, with regard to the last-minute cancellation of the Quarantine and Pre-shipment Task Force meeting, which had been scheduled for March 2006, the Chair noted that the meeting had been cancelled in an effort to save funds when the Committee had found that it did not have enough new information to

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<sup>1</sup> Publication no. 15 of the International Standards on Phytosanitary Measures series, published by the Food and Agriculture Organization of the United Nations under the auspices of the International Plant Protection Convention.

justify the meeting. He assured the Working Group that any loss of funds to members would be compensated.

52. One representative requested a response from the Committee regarding the use of methyl bromide for strawberry runners as it related to decision XVII/9, which had been scheduled for presentation at the current meeting. The representative was seeking the Panel's assurance that TEAP would report back to the Eighteenth Meeting of the Parties on the effectiveness of soil fumigation for quarantine and pre-shipment purposes, pursuant to paragraph 8 of that decision. The representative indicated, in the interest of transparency, that a letter would be sent to TEAP regarding requirements for a description of research and development activities in the context of critical-use nominations; the apparent use by the Committee of the 2005 recommendations as a benchmark for considering future year recommendations on nominations; and the need for the Committee to take into account stocks in recommending critical-use exemptions.

53. In response to questions on soil treatments categorized as quarantine and pre-shipment applications, the Co-Chair explained that the report of the Task Force on quarantine and pre-shipment merely reflected the information provided by the Parties and that there were different interpretations when it came to categorizing certain uses in that area. With regard to obtaining further information on quarantine uses to increase the Parties' understanding, the Co-Chair noted that, while efforts to obtain such information were ongoing, the Panel's mandate in that respect had come to an end.

## **6. Refrigeration, Air-conditioning and Heat-pump Technical Options Committee**

54. Mr. Radhey Agarwal, Co-Chair of the Refrigeration, Air-conditioning and Heat-pump Technical Options Committee, informed representatives that, although phase-out in the manufacturing of new refrigeration and air-conditioning equipment was almost complete in Article 5 Parties, CFCs continued to be used for servicing. He noted that the search for new alternative refrigerants with a low global warming potential was continuing for various applications.

55. In terms of alternatives, he noted that HFCs continued to be the main alternative in most of the sectors covered by the Committee. Nevertheless, the increased trend towards the use of hydrocarbons, ammonia, carbon dioxide and low global-warming-potential fluorocarbons had been noted in various applications, as had been the increasing trend to use secondary-loop systems to reduce refrigerant charge and emissions.

56. With regard to domestic refrigeration, he stated that HFC-134a and isobutane continued to be dominant alternatives, with energy efficiency being a key goal. Average energy efficiency data suggested that new units used less than half the energy of the units they replaced. In stand-alone commercial units, HFCs, hydrocarbons or blends were the main choices as refrigerants. HCFC 22 was the main option available in Article 5 Parties for condensing units used in large and medium systems. Carbon dioxide (CO<sub>2</sub>) was emerging as a technical option in larger refrigeration systems and had been applied in several non-Article 5 Parties. In transport refrigeration, HFCs were being used in new systems. In unitary air conditioning, HFCs were the dominant refrigerant to replace HCFC 22, with hydrocarbons being used in Europe. HFC-based systems were being installed in the United States of America in residential systems and chiller replacements were proceeding further in non-Article 5 Parties.

57. Finally, he noted that HFC-134a had almost totally replaced CFCs in mobile air conditioning systems, but that, given its global-warming potential, replacements like CO<sub>2</sub> and HFC-152a were being considered. In addition, enhanced HFC-134a systems were being developed to help with energy efficiency and to reduce emissions. Three or more chemical companies had recently announced new low global warming potential refrigerant blends to replace HFC-134a in mobile air conditioning.

58. In response to a question regarding the use of CFC-based refrigeration equipment after 2010, the Co-Chair noted that virtually all Article 5 Parties should have refrigerant management plans – which could imply continued use of related equipment after 2010 through recycling and use of stocks. In addition, he noted that revolving funds were being used in a number of countries in the chiller sector. In response to a suggestion by one representative that HCFCs and HFCs should be discouraged to obviate double conversions and that alternatives should be encouraged by the Panel, the Co-Chair noted that the 2005 joint special report of TEAP and the Intergovernmental Panel on Climate Change had set out measures to reduce consumption of chemicals including HCFCs and HFCs. A number of measures related to ozone depletion would be discussed in the expert workshop to be held on 7 July 2006. He noted that the implementing agencies for the Multilateral Fund were undertaking a number of studies to

help enable Article 5 Parties to determine how best to move forward with regard to HCFCs. Finally, alternatives to HCFCs would be reviewed in detail in the TEAP assessment reports to be submitted to the Ozone Secretariat by the end of 2006.

## **B. Review of any new nominations for essential-use exemptions for 2007 and 2008 (agenda item 3(a))**

59. The Co-Chair noted that three new nominations for essential-use exemptions had been put forward for consideration by the Panel: two for the use of CFCs in metered-dose-inhalers, submitted by the European Community for 2007 and the United States of America for 2008, and one for the use of CFC-113 in aerospace applications for the years 2007–2010, submitted by the Russian Federation.

60. He drew attention to the relevant sections of the note by the Secretariat (UNEP/OzL.Pro.WG.1/26/2), noting that TEAP had recommended full approval of the nominations of the European Community and the United States of America. While the Panel had not had sufficient time to give the nomination of the Russian Federation a thorough review, it was recommending that the Parties should consider granting an exemption for 2007, on the understanding that a more thorough review would be undertaken in 2007 with respect to the years 2008–2010.

61. The representative of the European Community explained that the increase in the Party's 2007 nomination had not been prompted by an expansion of activities, but rather by a number of companies in the European Union running out of stocks. In general, however, the Party was making progress and was in the process of reducing the number of applications that it regarded as eligible for an essential-use nomination. She expressed the Party's intention to review the 2007 nomination on the basis of updated information and to inform TEAP if the nominated amount was expected to be modified.

62. Regarding the nomination by the United States of America, she asked whether that Party's CFC stocks might be sufficient to cover its essential-use requirements in 2007 and noted that, although the European Community could agree in principle to granting a 2008 exemption for the amount nominated by the United States of America, it would be preferable for the 2007 nomination to be reviewed so as to enable new developments to be taken into account.

63. Furthermore, she indicated that her Party had prepared a draft decision for consideration by the Working Group. It proposed preventing the essential use by Parties of CFC-containing metered-dose inhalers that contained only salbutamol as the active ingredient if they were intended for sale or distribution in a non-Article 5 Party. It also suggested that Parties should be required to use pre-1996 stocks before purchasing or using newly produced CFCs, in accordance with decision IV/25. In addition, it proposed limiting the domestic allocation of essential uses of CFCs to companies not engaged in research into alternatives and in seeking acceptance among users of those alternatives. She advocated that each Party should submit a plan of action containing a date for the final phase-out of CFCs for metered-dose inhalers in time for consideration by the Nineteenth Meeting of the Parties.

64. Commenting on his Party's essential-use nomination, the representative of the United States of America outlined the progress made by his country in reducing quantities of CFCs nominated for essential-use exemptions and assured representatives that the Party would complete phase-out of CFCs used in salbutamol metered-dose inhalers in 2008. In the meantime, the Party would, to the extent appropriate, rely on available stocks rather than newly produced CFCs. He also explained that his Party was engaged in research and development activities regarding alternatives to most remaining chlorofluorocarbon-based metered-dose inhaler uses and that it would inform the Parties later in 2006 of when the rule-making process was due to begin.

65. The representative of the United States of America, noting that his Party had prepared a draft decision on the issue, proposed that the United States of America should work bilaterally with the European Community to revise that Party's proposed decision, with a view to presenting a new version to the Working Group.

66. In the ensuing discussion, one representative stressed the need to ensure the safety of alternatives to CFC metered-dose inhalers given their direct impact on human life. He suggested that TEAP could provide certificates for substances testifying to their safety. Another representative urged the Panel to assess the need for CFCs after the 2010 total phase-out date set by the Protocol and suggested that Parties might look at ways of dealing with the transition period in Article 5 Parties.

67. Another representative requested further information on the quantity of stockpiled CFCs in both the United States of America and the European Community in order to be in a better position to consider the Parties' nominations. He recalled the suggestion in the TEAP report that all CFCs used in metered-dose inhalers could be replaced with non-CFC alternatives and requested TEAP to elaborate further on that issue.

68. The representative of the Russian Federation informed the meeting of the need for CFC-113 in the Russian aerospace industry in order to safeguard the reliability of Russian rocket technology, which was used by many countries around the world and ensured the functioning of the International Space Station. He noted that the Russian Federation was taking all possible measures to stop the use of CFCs in the aerospace industry. In particular, ozone-safe alternatives had been found for eight of the nine uses of ozone-depleting substances in the aerospace industry. Furthermore, the Party was looking into measures to enable the further reduction of CFC-113 use. Russia's need for an exemption for essential uses of CFC-113 stemmed from the current absence of alternatives to that substance in a number of technological processes.

69. Regarding the essential-use nomination by the Russian Federation, several Parties expressed their concern at being asked to approve a nomination that TEAP had not had enough time to review thoroughly.

70. Following the discussion, the Working Group agreed to forward three draft decisions on the issue, as set out in the annex to the present report, for consideration by the Eighteenth Meeting of the Parties.

### **C. Review of draft terms of reference for case studies called for under decision XVII/17 on environmentally sound destruction of ozone-depleting substances (agenda item 3(b))**

71. In introducing the item, the Co-Chair recalled that decision XVII/17 had requested TEAP to prepare terms of reference for the conduct of case studies on the technology and costs associated with a process for replacing CFC-containing refrigeration and air conditioning equipment, including environmentally sound recovery, transport and final disposal of such equipment and of the associated CFCs, and to submit them for the consideration of the Parties at the present meeting. He referred the representatives to the draft terms of reference which the Panel had prepared.

72. All representatives who spoke expressed their appreciation to TEAP for its hard work in preparing the draft terms of reference. Several underlined the scale of the problem for Article 5 Parties; it was noted, for example, that, in one Party, the volume of CFCs estimated to be contained in equipment and foams was almost equivalent to the Party's baseline consumption level.

73. One representative stressed the importance of considering policy and regulatory issues, including economic incentives, to ensure recovery and disposal, as well as the narrower technical questions. Some also emphasized the importance of adequate regional representation of Article 5 Parties in the case studies and one suggested that two per region, including one low-volume-consuming country, should be covered. Other representatives noted the likely costs of the solutions and suggested that an estimation of the total volumes needing to be destroyed would be helpful.

74. Some representatives expressed their concern over certain elements of the TEAP terms of reference, which appeared to go beyond what would normally be expected of case studies. One representative noted that she intended to submit a proposal on the issue that more closely tracked the Parties' initial request. Another representative, however, suggested that the case studies should be expanded, in particular to include recovery and destruction technologies for halons and surplus carbon tetrachloride co-produced with HCFC-22. Other representatives suggested that the study should also consider the overlaps and possible synergies with other multilateral environmental agreements dealing with chemicals and wastes, including the Stockholm, Rotterdam and Basel Conventions.

75. Several representatives drew the Working Group's attention to the fact that the Executive Committee of the Multilateral Fund also intended to commission a study on the same issue. To avoid duplication of effort, several representatives suggested that the two studies could be merged, or that perhaps the Executive Committee's study could be deferred until after the TEAP study had been completed.

76. Following the discussion, the Working Group decided to establish a contact group chaired by the representative of Australia to consider the issue further.

77. Following the deliberations of the contact group, one representative, speaking on behalf of the chair of the group, expressed the chair's view that, given that the Executive Committee of the Multilateral Fund was, as noted above, considering terms of reference for a study on destruction, members of the Open-ended Working Group who were also members of the Executive Committee should make the Executive Committee aware of the work that had been done in the Working Group on the issue. The chair of the contact group subsequently reported on the group's deliberations, saying that considerable progress had been made in developing the terms of reference for the study. A number of Parties indicated that they saw merit in retaining elements of the TEAP draft terms of reference including those relating to schemes in non-Article 5 Parties, models, and synergies with systems under other multilateral environmental agreements. It was subsequently agreed that the issue would be taken up by the Eighteenth Meeting of the Parties.

78. The Working Group agreed to forward a draft decision on the issue, as set out in the annex to the present report, for consideration by the Eighteenth Meeting of the Parties.

#### **D. Sources of carbon tetrachloride emissions and opportunities for reductions (agenda item 3(c))**

79. The Co-Chair recalled that, in decision XVI/14, the Sixteenth Meeting of the Parties had called on TEAP to assess global emissions of carbon tetrachloride from certain specific categories and to report to the Working Group at the present meeting with an assessment of potential solutions for reducing those emissions. He drew the representatives' attention to the TEAP report, which contained estimates of both uses and emissions of carbon tetrachloride.

80. The Working Group agreed to forward a draft decision on the issue, as set out in the annex to the present report, for consideration by the Eighteenth Meeting of the Parties.

#### **E. Any other issues arising out of Technology and Economic Assessment Panel reports (agenda item 3(d))**

##### **1. Applications for inclusion of uses in the list of process agent uses**

81. The Co-Chair explained that two applications for inclusion of uses in the list of process agent uses, from Brazil and Turkey, were still outstanding from consideration of the issue in 2005. Regarding the application by Brazil, he noted that, while TEAP had expressed the view that the use described by Brazil constituted a process agent use, Brazil had apparently stopped using any ozone-depleting substance for that application in 2000. Regarding the use described by Turkey, TEAP had found that the application constituted a process agent use and had noted that the related emissions amounted to 13 ODP-tonnes.

82. The meeting took note of the TEAP conclusions, on the understanding that they could be taken up by the Eighteenth Meeting of the Parties and, if not taken up at that Meeting, could be considered in 2007 in the context of the TEAP biennial review of the list of approved process agent uses.

##### **2. Technology and Economic Assessment Panel administrative issues**

83. The Co-Chair took note of the Canadian proposal on the TEAP code of conduct, which would be introduced under item 7, and reviewed the work that the Panel had undertaken in that area, including steps to formalize procedures of the Medical Technical Options Committee and the Methyl Bromide Technical Options Committee for avoiding conflicts of interest. Noting that the TEAP 2006 progress report included more details than in previous years on members' financial and other interests, he said that he welcomed efforts to clarify further the TEAP terms of reference, which were some 10 years old. In addition, he emphasized the challenge of strengthening the objectivity and transparency of TEAP without placing undue burden on its members, the Secretariat or the Parties while attracting the most qualified experts. He then reviewed the tentative 2007 schedule of TEAP meetings relative to the potential dates for the Open-ended Working Group meetings in 2007 and noted the need for TEAP to have adequate time to perform its tasks.

84. The Co-Chair drew the Working Group's attention to the identification by TEAP of the need for financial support for the travel of members from non-Article 5 Parties in 2007. While noting that as a funding issue it would have to be considered by the budget committee at the Eighteenth Meeting of the Parties, the Co-Chair suggested that it could also be discussed in the context of the Secretariat's analysis of the state of phase-out and the implications that it might have for the future of the assessment panels.

85. Representatives took note of the issue, on the understanding that it was likely to be considered further in the context of the proposal by Canada on the future of the Protocol that would be considered under agenda item 10.

#### **IV. Consideration of methyl-bromide-related issues**

86. The Working Group commenced its consideration of the item with a series of presentations by MBTOC co-chairs. Also relevant to the item was the presentation by the Co-Chair of the TEAP Quarantine and Pre-shipment Task Force, which is reflected above under agenda item 3, in section A of chapter III of the present report.

87. In his presentation, Mr. Ian Porter, MBTOC Co-Chair, introduced the report of TEAP and MBTOC on critical-use nominations for methyl bromide, which was contained in the 2006 TEAP progress report, noting that the Panel had received a total of 90 nominations for 2007 and 2008. The Panel had agreed to recommend approval of 47 of the nominations and their associated total of 1,721 metric tonnes of methyl bromide; to place 32 of the nominations and their associated 7,043 metric tonnes in the "unable to assess" category; and not to recommend 11 of the nominations and their associated 891 metric tonnes. Total critical-use nominations had decreased from a total of 15,541 metric tonnes for 2006 to a total of 10,632 metric tonnes for 2007 and, overall, 92 per cent of the nominations were for quantities smaller in 2007 than they had been in 2005.

88. He described a downward trend in methyl bromide use in most sectors, providing a breakdown of trends by Party, by sector and by major sector within Parties. Referring to decision Ex.1/4, in which the Parties had requested the Methyl Bromide Technical Options Committee to assess future methyl bromide needs for critical uses based on national management plans, he noted that the Panel had found it necessary to base its assessment on critical-use nomination figures and trends because the national management plans submitted by the Parties had not included specific future phase-out dates or quantified future levels of needs. He also noted that nominations in the "unable to assess" category had been so classified owing to insufficient technical justification, unclear research efforts or slow rates of adoption of proven alternatives. Bilateral discussions would be held with the nominating Parties to clarify such matters.

89. A number of issues had arisen during the critical-use nomination assessment process. One such issue was that some Parties classified several soil treatment applications of methyl bromide as quarantine and pre-shipment uses rather than as critical uses. With regard to how long it would take to employ alternatives, he noted that MBTOC had agreed with the time frames specified in the critical-use nominations when it considered them reasonable, but pointed out that several Parties had achieved complete adoption of alternatives in four years or less for crops similar to those nominated. The relative effectiveness and consistency of alternatives to methyl bromide for certain key pre-plant soil uses, and their suitability for nominations, had also been examined by MBTOC as part of a meta-analysis of international research. That analysis, which had encompassed 210 studies and over 100 treatments covering five crops, had shown that various treatments had achieved yields within 5 per cent of commercially available methyl bromide treatments. Finally, with regard to emission control technologies for pre-plant soil uses, MBTOC showed that many studies had found that the use of low permeability films had allowed for up to 40–60 per cent reduction in methyl bromide dosage rates. It was important to note that low permeability films had helped Parties meet their obligations under decision XI/6 and were gaining wider acceptance worldwide. While they had been mandatory in certain regions for some time, regulatory impediments still existed in one nominating Party.

90. Ms. Michelle Marcotte, MBTOC Co-Chair, presented a report on critical-use nominations for post-harvest applications. She provided an overview of the two major types of such applications and of the state of progress with alternatives in various sectors and countries. The critical-use nomination process had led to a number of successes in the transition away from methyl bromide use, involving the use of alternatives such as sulphuryl fluoride, phosphine fumigation and modified atmosphere. In closing, she invited Parties to make their success stories known to the Secretariat for inclusion in future reports.

91. Mr. Mohammed Besri, MBTOC Co-Chair, reported pursuant to paragraph 9 (a) of decision Ex.1/4 on the harmful trade in methyl bromide. He reviewed the Committee's definition of harmful trade, described the three major categories of harmful trade and outlined options to prevent such trade. Specifically, he noted the Committee's definition of harmful trade, i.e., any trade that had an adverse impact on the implementation of control measures by any Party, allowed a backsliding from implementation already achieved or was counter to the domestic policy of either the importing or exporting Party. In addition, he reviewed the potential options for prevention of such trade, which included stronger systems for licensing methyl bromide in Article 5 Parties; prior informed consent of the importing Party before allowing shipment by the exporting Party; appropriate levies or taxes on methyl bromide trade to finance customs and alternatives research, paired with tax concessions for alternatives; and determination of the basic domestic needs of Article 5 Parties.

#### **A. Review of nominations for critical-use exemptions for methyl bromide for 2007 and 2008**

92. Opening the floor for discussion, the Co-Chair of the Working Group noted that the critical-use process agreed by the Parties called for further consultation between MBTOC and nominating Parties prior to the Eighteenth Meeting of the Parties and that consultations would be taking place in the margins of the current meeting. He recalled that the Working Group had traditionally used the present sub-item to allow MBTOC to address general questions that the Parties might have regarding the ongoing review of critical-use nominations.

93. In the discussion, all Parties thanked MBTOC for its extensive work. There was general agreement that the downward trend in nominations was welcome news, although some Parties expressed concern that the reduction in methyl bromide use might not be as significant as the trend would suggest, given the reclassification of some pre-harvest soil fumigation applications as quarantine and pre-shipment applications. It was clarified by MBTOC that only approximately 1,600 metric tonnes of the downward trend could be attributed to that reclassification; while the representative of the United States of America clarified that only a small amount of the downward trend in its nomination could be attributed to its reclassification. Many representatives indicated that they looked forward to receiving the TEAP report on the effectiveness of methyl bromide for the soil use in question, as mentioned in decision XVII/9. It was hoped that the report would assist Parties in gaining a more complete understanding of the matter.

94. The relatively large number of critical-use nominations in the "unable to assess" category sparked discussion on the transparency of the assessment process. A question was raised regarding obstacles to recommending nominations which had previously been approved and for which circumstances had not changed. Some representatives indicated that they sought a better understanding of the basis for recommendations and of the calculation of reductions, noting that it was important to make sure that specific circumstances in each nominating Party, including national schedules for phase-out and for the deployment of alternatives, were taken into account in the assessment process. In response to related questions, it was pointed out that the Committee used transparent assumptions for its calculations and used them in a consistent manner across nominations. It was also pointed out that it was precisely the need to examine a large number of country-specific and sector-related variables that made it necessary to treat nominations in a detailed, case-by-case manner.

95. The issue of transparency was also raised with regard to the meta-analysis of pre-plant soil uses of methyl bromide. The meta-analysis had involved extensive work, with limited funding from the Parties, and was the first of its kind for the range of commodities covered. Interest was expressed in the possibility of expanding the meta-analysis to other applications such as orchard replant. It was explained, however, that an effective meta-analysis of that sort would require a large number of studies, as well as substantial funding. While some Parties noted that the meta-analysis provided potentially interesting input for the evaluation of alternatives to methyl bromide, others requested further details on the methodology and sources for the analysis, including the studies that had been discarded and not used in the analysis.

96. In response to a question regarding how MBTOC dealt with stockpiles when assessing critical-use nominations, it was clarified that MBTOC assumed that stocks were taken into account by Parties when submitting their nominations.

97. One representative said that his country was likely to need to make a request for emergency use of methyl bromide to meet needs linked to the recovery of its rice harvest after a prolonged drought, which had turned out to be significantly higher than anticipated at the time its original nomination had been submitted.

98. Following the discussion, a number of non-governmental organizations presented their points of view. The concern was expressed that some alternatives to methyl bromide might be more dangerous than methyl bromide and thereby put farm-workers' health and the environment at greater risk. With regard to time frames for the transition to methyl bromide-free practices, it was pointed out that, if transition had taken only four years in some countries, Parties should be urged to adhere to that time frame. Others pointed out the benefits to the ozone layer of a quick reduction in methyl bromide. The need for accurate reporting of methyl bromide stockpiles was stressed, as was the urgency of eliminating methyl bromide completely.

99. The Working Group agreed that the issue of critical-use nominations would be reviewed by MBTOC at its August 2006 meeting and would be taken up by the Eighteenth Meeting of the Parties.

## **B. Report on the possible need for methyl bromide critical-use exemptions over the next few years based on a review of methyl bromide national management strategies**

100. The Co-Chair recalled that in decision Ex.1/4 the First Extraordinary Meeting of the Parties had requested TEAP to submit a report to the Working Group at the current meeting on the possible need for methyl bromide critical uses over the next few years, based on a review of the management strategies submitted by Parties pursuant to paragraph 3 of that decision. TEAP had reviewed the national management strategies that had been submitted (by Australia, Canada, European Community, Japan, New Zealand and the United States of America). A draft report had been received from the European Community by the time of the MBTOC meeting held in Dubrovnik from 3 to 11 April 2006. In its report, TEAP had concluded that it could not provide a meaningful estimate of the possible need for exemptions until all information had been received and the final plan had been submitted by the remaining Party, Israel. It was expected that MBTOC would take up the matter at its August 2006 meeting and that TEAP would update its review in time for consideration at the Eighteenth Meeting of the Parties.

101. Several of the nominating Parties that had submitted their national management strategies by 1 February 2006 expressed regret that other nominating Parties had not met that deadline in accordance with decision Ex.1/4, noting that their own early submissions had entailed considerable effort on their part.

102. In response to questions regarding the timing of the submission of her Party's national management strategy, the representative of the European Community clarified that the strategy had been submitted in draft form to MBTOC prior to its last meeting, in April 2006. It had subsequently been finalized and had been submitted to the Ozone Secretariat in May 2006.

103. The representative of MBTOC stated that, owing to the draft nature of the strategy submitted by the European Community, the information therein had not been taken into account by TEAP in its review and summary.

104. Several representatives indicated that they had not expected the European Community to submit aggregated data, but rather data for each individual country. It was asked whether MBTOC had informed the Party about the appropriateness of presenting the data in that form when the draft strategy had been first submitted to the Committee. The representative of MBTOC stated that the Committee's mandate was to review the data submitted, and not to stipulate the form in which it should be presented.

105. One representative pointed out that the information contained in the national management strategies under consideration was diverse and proposed that the Parties should develop guidelines to ensure standardization of that information. She noted in particular that none of the current national management strategies mentioned the quantities of methyl bromide required in the future or a date for final phase-out.

106. The Working Group agreed to defer consideration of the matter until the Eighteenth Meeting of the Parties.

## C. Reporting on quarantine and pre-shipment matters

107. The Chair recalled that in decisions XVI/10 and XI/13 the Parties had called on TEAP to establish a task force to evaluate data submitted by Parties on the use of methyl bromide for quarantine and pre-shipment uses in an effort to establish global use patterns and delineate the quantity of methyl bromide per commodity that could be replaced by technically and economically feasible alternative treatments and procedures. In addition, decision XVII/9 had called on the task force to evaluate the long-term effectiveness of soil applications of methyl bromide in controlling quarantine pests on living plant material.

108. Regarding the latter issue, the Chair noted that TEAP had not had sufficient time to complete the task and had therefore suggested that a response should be included in its 2006 assessment report, which would be completed by the end of 2006. Regarding the former issue, the Co-Chair noted that the Task Force on Quarantine and Pre-shipment Applications had reported some interesting information on quarantine and pre-shipment uses and the difficulties involved in the commercialization and widespread use of alternatives to the use of methyl bromide.

109. Following the Chair's presentation, the Executive Secretary provided an update on the continued cooperation between the ozone regime and the secretariat of the International Plant Protection Convention undertaken in accordance with decisions XVI/11 and XVII/15. A representative of the Multilateral Fund secretariat had participated in a session of the Convention's Technical Panel on Forest Quarantine held in May 2006 and a representative of the secretariat of the International Plant Protection Convention was in turn attending the current meeting of the Working Group. Cooperation efforts were leading to further exchange of information and experience on quarantine and pre-shipment matters, including the issue of ISPM 15.

110. The representative of the International Plant Protection Convention secretariat provided an overview of the May 2006 meeting, which was part of a process to revise ISPM 15. He pointed out that there was an alternative to the use of methyl bromide for treating raw wood packaging under ISPM 15, which involved heat treatment, and advocated the provision of support to developing countries to enable them to set up the infrastructure needed to implement that option.

111. Among Parties there was widespread appreciation of the work of the Task Force to date and agreement that the issue of methyl bromide for quarantine and pre-shipment purposes was important. Although most representatives who spoke expressed concern about the lack of information submitted by the Parties on quarantine and pre-shipment uses, one representative pointed out that 66 Parties had responded to the request for data in decision XVI/10 and that they should be congratulated on their considerable efforts.

112. The same representative stressed that Parties should not lose sight of the reason for the critical-use exemption on methyl bromide for quarantine and pre-shipment purposes, which was to protect importing countries from invasive species; the exemption therefore promoted trade between countries. A representative of an environmental non-governmental organization, however, pointed out that in the case of raw wood packaging methyl bromide was being used to treat containers and pallets, rather than their contents, which were mostly products with their own packaging that did not require treatment with methyl bromide. In that context, he spoke in favour of moving away from the unnecessary use of wood pallets for such goods that did not themselves require the use of methyl bromide.

113. Several representatives expressed concern about the increase in the use of methyl bromide for quarantine and pre-shipment purposes. The representative of an environmental non-governmental organization quoted the estimates produced by the agricultural authorities of his country's Government which stated that compliance with ISPM 15 might mean that the quantities of methyl bromide being used for raw wood packaging would be up to four times greater than the amount used for other purposes. Another representative suggested that the Task Force should be called on to look into the possible increase in methyl bromide use.

114. Regarding research into alternatives to methyl bromide, one representative emphasized that cost was an important factor to be taken into account during research activities.

115. Following the discussion, the Working Group agreed to request the Task Force to continue its work and to request TEAP to provide a progress report to the Eighteenth Meeting of the Parties.

## **D. Multi-year exemptions for methyl bromide use**

116. The Co-Chair noted that the issue of multi-year exemptions had been considered at the Fifteenth and Sixteenth Meetings of the Parties and that, at the latter meeting, the Parties had taken a decision to elaborate as far as possible in 2005 a framework for extending critical-use exemptions over more than one year. Because of the heavy agenda at the Seventeenth Meeting of the Parties, however, the Parties had agreed to postpone consideration of the sub-item until the current meeting. The Parties had before them a proposal on the issue by the United States of America (UNEP/OzL.Pro.WG.1/26/6).

117. The representative of the United States of America briefly introduced his Party's proposal, enumerating several advantages of multi-year exemptions for methyl bromide, which included reduced workloads and greater certainty for Parties, which might encourage them to research alternatives. He also noted that the submission of national management strategies would address a concern expressed by some Parties in 2005, which would facilitate the discussion of the issue. He expressed his Party's intention to pursue consultations with other Parties in the margins of the current meeting and to bring the matter before the Eighteenth Meeting of the Parties.

## **E. Options which Parties may consider for preventing potential harmful trade in methyl bromide stocks from non-Article 5 Parties as consumption is reduced in non-Article 5 Parties**

118. The Co-Chair recalled that, during the first Extraordinary Meeting of the Parties, the Parties had asked TEAP to consider measures that might be useful for preventing potential harmful trade in methyl bromide stocks from non-Article 5 Parties to Article 5 Parties as consumption was reduced in non-Article 5 Parties. He drew the Working Group's attention to the Panel's report on the issue, which had defined harmful trade as any trade that adversely affected the implementation of control measures by any Party, allowed backsliding from implementation already achieved or ran counter to the domestic policy of either importing or exporting Parties. The report set out a number of potential options for addressing harmful trade, which included improving licensing systems, introducing a prior informed consent system, using taxation regimes to promote alternatives to methyl bromide and allowing Article 5 Parties to specify their methyl bromide needs, which could involve volumes lower than those allowed for basic domestic needs.

119. Representatives thanked TEAP for its report on the matter and emphasized the importance of the issue, particularly for Article 5 Parties intending to phase out methyl bromide ahead of the 2015 deadline, which might come under pressure to accept imports after their domestic phase-out. One representative pointed to the problem of regulations which might require the use of methyl bromide for agricultural products in international trade and suggested that the Parties needed to work with other appropriate organizations such as the Food and Agriculture Organization of the United Nations (FAO).

120. Representatives highlighted the importance of effective licensing systems in preventing harmful trade. Some expressed the belief that the use of taxation policy was not suitable for discussion by the Working Group, as it implicated national policy instruments. Another representative, however, disagreed, explaining that tax policy had been used successfully in his country to phase out CFCs. Other representatives said that a prior informed consent system was worthy of further discussion, while still others, saying that it was critical for importing Parties to have in place effective licensing systems, stressed that a prior informed consent system should not be pursued.

121. One representative suggested that the entire discussion was inappropriate because, under decision IV/25, nominations for exemptions were only to be made once controlled substances were not available in sufficient quantities, including from stockpiles; adequate data on the size of such stockpiles, she said, should be provided before the discussion proceeded.

122. The Co-Chair concluded the discussion by inviting interested Parties to submit a draft decision or further paper on the issue for consideration by the Eighteenth Meeting of the Parties.

## **F. Technology and Economic Assessment Panel report on laboratory and analytical uses of methyl bromide**

123. The Co-Chair recalled that the Seventeenth Meeting of the Parties, in decision XVII/10, had authorized, until 31 December 2006, a laboratory and analytical critical-use exemption for methyl bromide for the same categories of use and using the same criteria that applied to laboratory and

analytical uses of other ozone-depleting substances. The decision had also requested TEAP to review the relevance of the existing categories and criteria to methyl bromide laboratory and analytical uses with respect to whether the exemption should be continued beyond 2006. He drew the Working Group's attention to the report prepared by TEAP pursuant to that decision, which had concluded, among other things, that the small quantities of methyl bromide used for known laboratory and analytical purposes could be accommodated within the existing laboratory and analytical use criteria.

124. The Co-Chair concluded by inviting interested Parties to submit a draft decision or further paper on the issue for consideration by the Eighteenth Meeting of the Parties.

## **V. Difficulties faced by some Article 5 Parties manufacturing metered-dose inhalers which use chlorofluorocarbons**

125. Introducing the item, the Co-Chair recalled that decision XVII/14 had called on the Parties to consider a possible decision to address the situation of Article 5 Parties facing problems in phasing out the use of CFCs in the production of CFC-based metered-dose inhalers. He noted that while decision XVII/14 had requested the Executive Committee of the Multilateral Fund to examine options for addressing the issue, the Executive Committee would not be able to consider the issue fully until its forty-ninth meeting, which was to be held immediately after the current meeting of the Open-Ended Working Group. Accordingly, he suggested that the Working Group might wish to defer consideration of the matter until the Eighteenth Meeting of the Parties, when appropriate information would be available.

126. Representatives felt, however, that the matter was an important one which would benefit from discussion at the current meeting. One representative of an Article 5 Party stated his belief that the financial support currently available for the phase-out of CFCs was insufficient to allow his country to stop using CFCs in metered-dose inhalers, but expressed confidence that the Meeting of the Parties would be able to find a satisfactory solution.

127. Following the discussion, the Working Group decided to establish a contact group chaired by the representative of Mexico to consider the matter further. It was subsequently agreed that the product of the contact group's deliberations would be forwarded for consideration by the Eighteenth Meeting of the Parties as a draft decision, as set out in the annex to the present report.

128. The representative of a non-governmental organization indicated her organization's support for the transition to non-CFC metered-dose inhalers and recommended that the Parties should prohibit CFC allocations for salbutamol metered-dose inhalers intended for sale in non-Article 5 Parties, for CFC metered-dose inhaler products for which companies had launched CFC-free products and for metered-dose inhaler companies not making sincere efforts to reformulate CFC-based metered-dose inhalers.

## **VI. Treatment of stockpiled ozone-depleting substances relative to compliance**

129. Introducing the item, the Co-Chair reviewed the history of the issue and introduced the note by the Secretariat on the item (UNEP/OzL.Pro.WG.26/5). He noted that the Implementation Committee at its thirty-fifth meeting had considered a paper by the Secretariat and had concluded that some cases in which ozone-depleting substances were produced in one year and stockpiled for disposition in another year should be reported to the Implementation Committee for individual consideration as cases of possible non-compliance. The Committee had observed, however, that its conclusions might cause practical difficulties for Parties, in the light of which the Seventeenth Meeting of the Parties had suggested that such an "important, complex topic" should be taken up again at the current meeting.

130. The Co-Chair invited Mr. Maas Goote (Netherlands), who had served as the President of the Implementation Committee during 2005 when it had discussed the matter, to expand upon the issue. Mr. Goote explained that the Committee had considered four possible scenarios of stockpiling which could lead to potential cases of non-compliance. The Committee had tentatively concluded that a potential situation of non-compliance would arise in three of those scenarios: first, when production in one year had been stockpiled for domestic destruction or export for destruction in a future year; second,

when production in one year had been stockpiled for domestic feedstock use or export for feedstock use in a future year; and third, when production in one year had been stockpiled for export for the basic domestic needs of developing countries in a future year.

131. Only one of the four scenarios, which involved imports in one year being stockpiled for domestic feedstock use in a future year, had been tentatively identified by the Committee as being consistent with the provisions of the Protocol. The Committee had recognized, however, that it had adopted a legalistic approach to the issue and that its conclusions might cause practical difficulties for Parties in their efforts to ensure compliance. The Committee had also recognized that the issue needed to be considered in a broader context by the Open-Ended Working Group and the Meeting of the Parties.

132. A number of representatives observed that applying the conclusions of the Committee could cause problems for companies producing ozone-depleting substances. For instance, when such companies received production orders late in the year, they were not always able to ship the products to their purchasers before the end of the calendar year, which was the cut-off date for data reporting under the Protocol. Furthermore, in countries phasing out production of CFCs, it might make more sense, both economically and environmentally, for companies to produce enough CFCs for several years' use and then shut down their plants rather than to keep them running and produce small quantities each year.

133. One representative suggested that any ozone-depleting substances produced in one year and stockpiled for the purpose of being destroyed in a later year could be considered wastes rather than products and could therefore be treated according to the provisions of the Basel Convention. Another representative believed that the differences between the scenarios considered by the Implementation Committee were very narrow and the distinctions drawn by the Committee seemed rather arbitrary. In any case, he said, no scenario caused any additional damage to the ozone layer. Another representative considered that the language of Article 1 of the Montreal Protocol allowed for a different interpretation of production than the one applied by the Implementation Committee and that, under that interpretation, the three scenarios would not necessarily result in any case of non-compliance. He said he felt that subsidiary bodies of the Meeting of the Parties such as the Implementation Committee and the Executive Committee should not take any action to change the long-standing practices of Parties unless and until they were given clear instructions by the Meeting of the Parties.

134. Several representatives observed that the Working Group had an obligation to provide guidance to the Implementation Committee and could not simply return the issue to the Committee without doing so.

135. The Working Group decided to establish a contact group chaired by the representative of the Netherlands to discuss the issue further.

136. Reporting on the group's deliberations, the chair of the group explained that the group had agreed with the Implementation Committee's definition of the problem as illustrated by the four scenarios and also with the Committee's conclusion that the fourth scenario appeared to be consistent with the Protocol. The contact group had therefore focused on the other three scenarios and had discussed three options for practical solutions.

137. First, the Meeting of the Parties could clarify that, in calculating production, a Party could earmark quantities for destruction, export or use as feedstock in future years, provided that the Party concerned had in place a domestic system for ensuring that the earmarked quantities were put to their intended uses. Second, the Secretariat could continue to bring any stockpiling deviations to the attention of the Implementation Committee, which would monitor them and report to the Meeting of the Parties. Third, quantities produced in excess of control limits in a given year could be registered through a reporting framework and, where they were exported for basic domestic needs, deducted in the following year. Any such reporting framework should take into account existing reporting obligations. The group recognized that the three options were not mutually exclusive.

138. The group was of the view that, if subsidiary bodies of the Protocol faced situations related to stockpiling prior to the Eighteenth Meeting of the Parties, they should not take any irrevocable action until the Meeting had been able to provide guidance. Finally, the group recognized the existence of a further related problem, namely situations in which it would be more economically and environmentally efficient to allow an Article 5 Party to produce in one year its production entitlements for a number of years on the condition of completing early production plant closure.

139. Following the report by the chair of the contact group, representatives of some Article 5 Parties expressed that hope that consideration would be given not only to production for stockpiling but also to import for that purpose, particularly of methyl bromide.

140. The Working Group agreed that the issue should be taken up by the Eighteenth Meeting of the Parties.

## **VII. Guidelines for disclosure of interests for groups such as the Technology and Economic Assessment Panel and its technical options committees**

141. The Co-Chair recalled that, at the Seventeenth Meeting of the Parties, Canada had put forward a specific proposal for guidelines for disclosure of interests for groups such as TEAP and its technical options committees. Due to lack of time at that meeting, it had been agreed that the issue would be considered again in 2006. He then invited Canada to update the Working Group on the status of its deliberations on the issue.

142. The representative of Canada introduced his Party's proposal, explaining that it had been revised from the earlier version following comments from some Parties and TEAP.

143. While a number of representatives expressed support in principle for the proposal, others noted their concern that, despite the revisions to the original draft, the proposed guidelines were still too heavy-handed and might create too much of a disincentive to experts, particularly from industry, to participate in TEAP and its technical options committees. One representative suggested that it might be better to ensure that a balance of individuals with relevant interests was maintained among the members of the Panel and each committee. Another suggested that a simpler procedure, such as requesting members to sign a commitment to apply the guidelines and code of conduct, might be preferable. Noting that the guidelines were not designed to prevent anyone from joining TEAP or its technical options committees, several representatives suggested that the existing draft could be simplified.

144. Invited to comment on the guidelines, Mr. Stephen O. Andersen, Co-Chair of TEAP, explained that the current version of the guidelines was acceptable to TEAP with regard to disclosure and was an improvement on previous versions, though he believed that the guidelines could be simplified further. He suggested some drafting amendments, adding that the biggest problem faced by TEAP was in reality the declining willingness of Governments and companies to sponsor the costs of TEAP members, and he encouraged Parties to consider favourably the request by TEAP for additional travel support and an increase in financial support for its work.

145. The Working Group decided to establish a contact group chaired by the representative of Canada to discuss the issue further.

146. Reporting on the group's deliberations, the chair of the group said that, while the Parties involved in the discussion had supported the basic concept behind the proposal, a range of views had been expressed on the best way to implement it. There had been consensus on the need to strike a balance between various concerns, including the need for transparency, the need to ensure adequate expertise among the members of TEAP and its technical options committees and the need to avoid excessively onerous procedures. The group had also recognized that there was a distinction between real and apparent conflicts of interest. In view of a request by many Parties for further time to consider the issue, it was agreed that Canada would prepare a revised proposal to be posted on the Secretariat's website and that any specific comments on the revised proposal should be sent to the relevant representative of Canada as soon as possible.

147. Following the report by the chair of the contact group, the Working Group agreed that the issue should be taken up by the Eighteenth Meeting of the Parties.

## **VIII. Discussion of any proposed adjustments to the Montreal Protocol (Canadian proposal for adjustment to the basic domestic needs provision of Article 2 for CFCs)**

148. The Co-Chair invited the representative of Canada to introduce his Party's proposal to adjust the Montreal Protocol which was contained in document UNEP/OzL.Pro.WG.1/26/4. The proposal, which had been prepared pursuant to decision XVII/12, called for a ban on CFC production in

non-Article 5 Parties to meet the domestic needs of Article 5 Parties, to be effective from 1 January 2008, two years earlier than the phase-out deadline provided for under the Montreal Protocol.

149. During the ensuing discussion, many Parties indicated their support for the spirit of the proposal insofar as it aimed to accelerate CFC phase-out. General concern was expressed, however, regarding the impact of early elimination of production of pharmaceutical grade CFCs on the metered-dose inhaler sector in Article 5 Parties, which some called a sensitive and crucial issue.

150. The point was made that an early ban on CFC production in non-Article 5 Parties might have a negative effect on industry in Article 5 Parties, as reducing supply in the absence of alternatives might simply lead to higher prices but not reductions in consumption. With regard to the air conditioning and refrigeration sectors, while one representative expressed concern that reduced CFC supply would have an adverse impact on consumers, another stated that early elimination of CFC production would assist phase-out in those sectors in her Party. It was also stated that rising CFC prices might make early elimination of CFC production in Article 5 Parties unnecessary. One representative suggested that, in order to advance on that issue, an adjustment other than zero production in 2008 could perhaps be considered.

151. One representative described the steps being taken by her Party to follow up on decision XVII/12 by working with public authorities and industry to establish a prior informed consent procedure aimed at ensuring that supply did in fact meet the basic domestic needs of importing Article 5 Parties. She pointed out that many CFC-producing companies were making voluntary reductions and that actual volumes of CFC exports from her Party amounted to approximately half its entitlement levels.

152. A representative of a non-governmental organization pointed out that CFC production in Article 5 Parties was equal to consumption in such Parties. In that light, and given that imports for basic domestic needs could be diverted to unauthorized uses, he urged a complete cessation of basic domestic needs production by non-Article 5 Parties.

153. Following the discussion, the Working Group decided to establish a contact group chaired by the representative of Canada to examine the proposal further.

154. Reporting on the group's deliberations, the chair of the group said that a number of issues had been raised for further discussion at the Eighteenth Meeting of the Parties. The main issue was the importance of considering the needs of Article 5 Parties very carefully, particularly in terms of the demand for pharmaceutical grade CFCs for metered-dose inhaler manufacturing. It was consequently important to differentiate between pharmaceutical grade CFCs and lower grade CFCs used in the refrigeration sector. It had been pointed out that a market would be required for lower grade CFCs produced during pharmaceutical grade CFC production. It had also been pointed out that complete elimination of CFC production to meet basic domestic needs in 2008 would be impractical and possibly prejudicial to Article 5 Parties, but that an intermediate step in 2008 could be a way forward; the size of that step would require further study and more information on metered-dose inhaler production in Article 5 Parties. The chair of the contact group therefore suggested that the process would benefit from any available information that the Multilateral Fund secretariat or Ozone Secretariat might have on the metered-dose inhaler sector in Article 5 Parties and asked the Secretariat to make the information available to Parties prior to the Eighteenth Meeting of the Parties.

155. Following the report by the chair of the contact group, the Working Group agreed to forward a modified draft proposal on the issue, along with a background paper on the adjustment, as set out in the annex to the present report, for consideration by the Eighteenth Meeting of the Parties.

156. A representative of a non-governmental organization said that, according to a number of recent studies, the recovery of the ozone layer would take 33 per cent longer than originally predicted. He also expressed the view that it was necessary to make adjustments to the Montreal Protocol to deal with the situation over the next few decades, when the environment would be at its most vulnerable.

## **IX. Discussion of any proposed amendments to the Montreal Protocol**

157. No proposals to amend the Montreal Protocol were made at the current meeting. Accordingly, no discussion took place under the item.

## **X. Other matters**

### **A. Presentation by the Co-Chair of the Scientific Assessment Panel**

158. Mr. Ayité-Lô Ajavon, Co-Chair of the Scientific Assessment Panel, gave a presentation on the status of the Panel's 2006 report, which would review the sixth scientific assessment of the physical and chemical processes that affected the ozone layer. He noted that the report, which would contain input from over 200 scientists from around the world, would comprise three sections: the first on ozone-depleting gases, the second on ozone layer changes and the third – which would cover the interaction between climate and ozone – on future expectations for ozone, ozone-depleting substances and ultra-violet radiation. The report would also include an updated series of questions and answers about the ozone layer written for the general public. The executive summary, which was expected to be ready for release in July 2006, would include sections on recent major findings and current scientific understanding; additional scientific evidence and related information; and implications for policy formulation. In conclusion, he noted that the major findings of the report would be described by the Panel at the Eighteenth Meeting of the Parties and that the final report was expected to be printed and ready for circulation in March 2007.

### **B. Presentation by the representative of India on arrangements for the Eighteenth Meeting of the Parties**

159. The representative of India gave a short presentation on the progress made in preparations for the Eighteenth Meeting of the Parties, the thirty-seventh meeting of the Implementation Committee and the fiftieth meeting of the Executive Committee of the Multilateral Fund to be hosted by the Party in New Delhi from 25 October to 10 November 2006. He outlined the logistical arrangements for the meeting and showed a short film highlighting the history, geography and culture of India. In closing, he expressed his Government's eagerness to welcome representatives of the Parties to his country.

### **C. Presentation by the Secretariat on the new data access feature on its website**

160. The representative of the Secretariat made a presentation on use of the new data access feature on the Secretariat's website. The new system, which allowed electronic consultation of data reported under Article 7 of the Protocol, eliminated the time lag that had occurred in the past between receipt of data and its publication in paper form. Furthermore, the service enabled various permutations of data to be retrieved. Searches could be made and data could be filtered using different parameters.

161. The representative of the Secretariat stated that the data currently available had been chosen because it did not raise issues of confidentiality and that further data could be made available on the site if the Parties so decided.

162. The Working Group expressed its appreciation for the work of the Secretariat in developing its website, noting that the new data access feature would greatly facilitate its work.

### **D. Proposal by Canada to identify and discuss key issues that would be faced by Parties in the next few decades**

163. The representative of Canada introduced a proposal on the future of the Montreal Protocol, observing that by the time of the Nineteenth Meeting of the Parties, in 2007, the Parties to the Protocol would have had twenty years of experience behind them, and they therefore needed to look forward to the next twenty years. He explained that the proposal outlined a series of questions designed to open a broad discussion about the long-term development of the regime which would be necessary to protect the ozone layer in the future.

164. All representatives who took the floor thanked Canada for initiating an important and timely debate. It was noted that, although the existing structure and institutions of the Protocol should serve the Parties well until total phase-out of CFCs in 2010, there might well be a need for further evolution and adaptation in the longer term to reflect the new challenges and circumstances the Protocol could expect to face. Lessons needed to be learned both from the successes of the Protocol to date and the difficulties it had experienced. Several representatives indicated that the discussion would be of value also to other

multilateral environmental agreements, by which the Montreal Protocol was often seen as a positive model.

165. Representatives pointed to some of the reasons behind the success of the Protocol, including its clear phase-out schedules for controlled substances; its effective financial mechanism in the shape of the Multilateral Fund; the sectoral phase-out strategies which the Fund had supported; the role of TEAP and its technical options committees in encouraging the development of alternatives to ozone-depleting substances; the non-compliance procedure overseen by the Implementation Committee; and the effective cooperation between non-Article 5 and Article 5 Parties which had taken place. Representatives expressed the belief that it would be important to maintain the role of the Protocol's institutions in the future.

166. Several representatives, recognizing the very broad nature of the questions raised in the proposal, indicated that they needed more time to consider them before proceeding further. They said in particular that the proposal to establish an intersessional working group was premature. One representative suggested that a special conference might be held to consider the issue, another suggested that a seminar could be held before the Eighteenth Meeting of the Parties and a third suggested that all Parties should be asked to provide input.

167. After further discussing a number of options for moving forward on the issue, the Working Group agreed not to organize a seminar immediately before the Eighteenth Meeting of the Parties, but to hold open the possibility of organizing such an event during 2007. It agreed further to invite Parties to submit to the Secretariat by 12 October 2006 any issues or questions on the Canadian proposal, which the Secretariat would compile for consideration by the Eighteenth Meeting of the Parties.

#### **E. Issues raised by China on table A bis of decision XVII/8**

168. The representative of China raised the issue of the interim list of process agent uses contained in decision XVII/8. With the support of the Multilateral Fund, China had developed a detailed phase-out plan for process agent uses. Nevertheless, after study, experts in her country had concluded that at least seven of the uses of carbon tetrachloride listed in decision XVII/8 should be more properly considered as feedstock uses rather than process agent uses. She further mentioned that the results of the TEAP review that should be carried out as early as possible under decision XVII/6 and the subsequent decision of the Meeting of the Parties would help Article 5 Parties formulate their domestic policies. If those applications were considered as feedstock uses, they would not be banned, because more carbon tetrachloride would be consumed and emissions into the atmosphere would be minimized; if they were considered as process agent applications, however, they should be banned. She said that China would like to conduct discussions with other Parties on the matter after the current meeting so that a comprehensive solution could be reached as soon as possible.

169. Another representative of an Article 5 Party said that he strongly supported China's request for a review of the list by TEAP, recalling that he had raised the same concerns with regard to the adoption of the interim list when it had originally been discussed in 2005. Wrongly classifying feedstock uses as process agent uses, he said, created problems for domestic policy and hampered industrial development.

170. The Working Group agreed that the issue should be taken up by the Eighteenth Meeting of the Parties.

#### **F. Dates of upcoming meetings**

171. The Executive Secretary of the Ozone Secretariat recalled that he had sent a letter to Parties seeking their views on proposed dates for the Nineteenth Meeting of the Parties, the twenty-seventh meeting of the Open-ended Working Group and related activities, taking into account that in 2007 the Parties would celebrate the twentieth anniversary of the Montreal Protocol. In their replies, most Parties had indicated their support for holding the Meeting of the Parties in September so that they would coincide with the anniversary of the Protocol. Several others, however, had requested the Secretariat to do its utmost not to disrupt the deadlines already agreed by the Parties for submission of requests for exemptions. On the basis of that feedback, the Secretariat had prepared a scenario which it believed would cause minimum disruption for Parties and bodies, on which it sought feedback from the Working Group. The scenario took into account the current deadlines for the submission of data and critical-use nominations and the time required by TEAP to review exemption requests. It contemplated holding the Nineteenth Meeting of the Parties from 17 to 21 September 2007 and the twenty-seventh meeting of the Open-ended Working Group from 4 to 8 June 2007. Documents, consistent with the usual practice,

would be sent to Parties six weeks before each meeting; Parties would receive the TEAP progress report, including the interim report on critical-use nominations, four weeks before the meeting of the Open-ended Working Group and the final report on critical-use nominations six weeks before the Meeting of the Parties.

172. In the ensuing discussion, one representative said that while it was desirable for the Meeting of the Parties to coincide with the twentieth anniversary of the Montreal Protocol, the timing of the meeting in relation to the specified date for Article 7 data submission, which was 30 September 2007, was troubling. The Executive Secretary, however, indicated that in 2006 the Secretariat had received some 100 data reports by 30 June, as encouraged in XVII/20, and that it would be possible for the Implementation Committee to review those reports at its meeting. Another representative suggested that the Ozone Secretariat should liaise with the Multilateral Fund secretariat on the timing of its meetings to ensure compatibility. Finally, another representative questioned whether it was in fact necessary to move the Nineteenth Meeting of the Parties forward to September, saying that to do so could place an additional burden on Parties and increase the risk of inaccuracies in the data reports. She asked the Ozone Secretariat to reconsider its plan and to hold the Meeting of the Parties at the usual time of year.

173. Following the discussions in plenary and bilateral discussions with those Parties that had expressed an opinion or concern regarding the meeting dates, the Executive Secretary, having confirmed that the usual deadlines for submissions of Article 7 data reports and nominations for exemptions would not be advanced, proposed that the Parties should move forward with the plans for holding the twenty-seventh meeting of the Open-ended Working Group from 4 to 8 June 2007 and the Nineteenth Meeting of the Parties from 17 to 21 September 2007.

174. In response to a question regarding the status of the offer made by Canada at the Seventeenth Meeting of the Parties possibly to host the Nineteenth Meeting of the Parties, the representative of Canada noted his country's pride in its work with the Montreal Protocol, but also noted that a decision on hosting the Nineteenth Meeting of the Parties had not yet been made. He indicated that his Government would understand if the Parties decided to hold the Nineteenth Meeting of the Parties elsewhere in the interest of increasing the visibility of the Protocol.

## **XI. Adoption of the report**

175. The present report was adopted on Thursday, 6 July 2006, on the basis of the draft report contained in documents UNEP/OzL.Pro/WG1/26/L.1 and Add.1. The Ozone Secretariat was entrusted with the finalization of the report following the closure of the meeting.

176. Following the adoption of the report, the Working Group noted with satisfaction that the President of Afghanistan had recently approved that Party's national regulations on ozone-depleting substances.

## **XII. Closure of the meeting**

177. After the customary exchange of courtesies, the twenty-sixth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol was declared closed at 6.35 p.m. on Thursday, 6 July 2006.

## Annex

### Draft decisions forwarded by the Open-ended Working Group for consideration by the Eighteenth Meeting of the Parties

*The Eighteenth Meeting of the Parties decides,*

[...]

#### A. Decision XVIII/\_\_\_: Essential-use nominations for Parties not operating under paragraph 1 of Article 5 for controlled substances for 2007 and 2008

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

*Taking into account* the Technology and Economic Assessment Panel's expectation that production of metered-dose inhalers containing chlorofluorocarbons should cease by the end of 2009 and, based on its analysis and monitoring of the transition to chlorofluorocarbon-free treatments of asthma and chronic obstructive pulmonary disease over the last decade, the Panel's assessment that global phase-out of chlorofluorocarbon-based metered-dose inhalers will be achievable by 2010,

*Considering* the Technology and Economic Assessment Panel's conclusion that technically satisfactory alternatives to chlorofluorocarbon-based metered-dose inhalers are available for short-acting beta-agonists and other therapeutic categories for asthma and chronic obstructive pulmonary disease,

*Acknowledging* that, under decision IV/25, companies that hold pre-1996 chlorofluorocarbon stocks must use such stocks before using newly produced chlorofluorocarbons,

*Mindful* that paragraph 8 of decision XII/2 allows the transfer of chlorofluorocarbons between metered-dose inhaler companies,

1. To authorize the levels of production and consumption of chlorofluorocarbons for 2007 and 2008 specified in the annex to the present decision to the extent necessary to satisfy essential uses for the production of metered-dose inhalers for asthma and chronic obstructive pulmonary disease other than metered-dose inhalers intended for sale or distribution in a Party not operating under paragraph 1 of Article 5 of the Montreal Protocol and containing only salbutamol as the active ingredient;

2. That Parties may not license, authorize or allocate essential-use chlorofluorocarbons for metered-dose inhalers that contain only salbutamol as the active ingredient and are intended for sale in the market of a Party not operating under Article 5 if there are available in that market chlorofluorocarbon-free metered-dose inhalers products that contain only salbutamol as the active ingredient;

3. That Parties licensing, authorizing, or allocating essential-use chlorofluorocarbons for metered-dose inhalers shall ensure that metered-dose inhaler companies do not purchase or use newly produced chlorofluorocarbons until they have used existing stocks of pre-1996 chlorofluorocarbons meeting metered-dose inhaler quality requirements, taking into account that some companies use a blend of different types of chlorofluorocarbons;

4. That Parties may not license, authorize or allocate essential use chlorofluorocarbons for metered-dose inhalers for any metered-dose inhaler company which has no practical prospect of completing research on and development of chlorofluorocarbon-free alternatives to its product or products by the end of 2009 and is not diligently seeking approval of its chlorofluorocarbon-free alternatives in its domestic and export markets and transitioning those markets away from its chlorofluorocarbon products;

5. That each Party that has been authorized essential-use chlorofluorocarbon volumes by the present decision shall submit a plan of action containing a date for the final phase-out of chlorofluorocarbons for metered-dose inhalers in time for consideration by the Nineteenth Meeting of the Parties;

## Annex

### Essential-use authorizations for 2007 and 2008 of chlorofluorocarbons for metered-dose inhalers approved by the Eighteenth Meeting of the Parties (in metric tonnes)

Party	2007		2008	
	Amount nominated or previously approved	Total amount approved for 2007 (supersedes amounts approved in decision XVII/5)	Amount nominated	Amount approved subject to a second review in 2007 consistent with decision XV/5, para. 6
European Community	535	[535]	–	–
United States of America	1000	[0] (*)	[385]	[385]
Russian Federation	243	243	–	–

(\*) In the light of the Technology and Economic Assessment Panel's 2006 progress report

#### B. Decision XVIII/\_\_: Essential-use nominations of chlorofluorocarbons for metered-dose inhalers for Parties not operating under paragraph 1 of Article 5 for controlled substances for 2007 and 2008

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

*Noting with appreciation* the progress made since the adoption of decision XV/5 by Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol in establishing a certain date by which they will cease submitting nominations for metered-dose inhalers where the sole active ingredient is salbutamol,

*Recalling* paragraph 6 of decision XV/5 relating to the phase-out of chlorofluorocarbons for metered-dose inhalers where the active ingredient is not solely salbutamol,

1. To authorize the levels of production and consumption for 2007 and 2008 necessary to satisfy essential uses of chlorofluorocarbons for metered-dose inhalers for asthma and chronic obstructive pulmonary disease as specified in the annexes to the present decision in addition to those levels authorized in decision XVII/5;

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, 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 that manufacturer;

## Annex A

### Additional essential-use nominations for 2007 of chlorofluorocarbons for metered-dose inhalers approved by the Eighteenth Meeting of the Parties (metric tonnes)

	2007	
Party	Amount nominated	Amount approved
European Community	535	[ ]*

\*Amount to be agreed.

## Annex B

### Essential-use nominations for 2008 of chlorofluorocarbons for metered-dose inhalers approved by the Eighteenth Meeting of the Parties (metric tonnes)

	2008	
Party	Amount nominated	Amount approved
United States of America	385	385

## C. Decision XVIII/\_\_\_: Nomination for an essential-use exemption for chlorofluorocarbon-113 for aerospace applications in the Russian Federation for the years 2007 to 2010

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

*Recalling* that the Russian Federation has submitted a nomination for an essential-use exemption for chlorofluorocarbon-113 for aerospace applications in the Russian Federation for the years 2007–2010,

*Taking into account* that the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee did not have sufficient time to review that nomination in detail,

*Expressing appreciation* to the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee for its attention to the issue and the constructive discussions and consultations between the Panel and the Russian Federation delegation during the twenty-sixth meeting of the Open-ended Working Group,

*Recognizing* that in the aerospace industry of the Russian Federation:

- (a) There is understanding and awareness of the need to decrease consumption of ozone-depleting substances;
- (b) All possible measures are being taken to reduce demand in ozone-depleting substances;
- (c) The amount of ozone-depleting substances being used is constantly decreasing owing to research into and transition to alternative ozone-safe substances and technologies;
- (d) The amount of chlorofluorocarbon-113 being used has been reduced whenever technically possible and has been reduced from 241 metric tonnes in 2001 to 160 metric tonnes in 2006;
- (e) Research and development activities are ongoing with a view to finding new alternative substances for use in the technologies that still use chlorofluorocarbon-113;

(f) Granting the requested exemption would safeguard the high level of reliability of Russian aerospace technology;

(g) Russian booster rockets are used to launch into orbit both Russian space satellites and other apparatus, as well as space appliances and apparatus from many other countries, and ensure the functioning of the International Space Station;

*Taking into account* recommendations made by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee,

*Recognizing* the specific need for essential uses of chlorofluorocarbon-113 in the aerospace industry to ensure the reliability of highly sophisticated techniques,

1. To grant the Russian Federation an exemption for the production of 150 metric tonnes of chlorofluorocarbon-113 for its essential use in the aerospace industry of the Russian Federation in 2007;

2. To request the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee to continue their consideration of that Party's nomination for essential-use exemptions for chlorofluorocarbon-113 for the years 2008–2010 in view of the agreement of the Russian Federation:

(a) To cooperate closely with the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee;

(b) To submit, in accordance with the requirements of the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee, technical details of the use of chlorofluorocarbon-113, with the exception of matters connected to national security or confidential State and commercial information;

(c) To consider the use of foreign sources of chlorofluorocarbon-113 stockpiles identified by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee as long as those sources satisfy the demands of Russian technical, environmental, health and sanitation norms and regulations and it can be assured that the required amounts can be delivered on time on the basis of intergovernmental agreements;

(d) To consider the possibility of, and a timetable for, introducing the use of any new alternatives to chlorofluorocarbon-113 that become available, on the condition that they conform to the above-mentioned norms and regulations of the Russian Federation;

#### **D. Decision XVIII/\_\_\_: Terms of reference for the conduct of case-studies pursuant to decision XVII/17 in Parties operating under paragraph 1 of Article 5**

*Noting* that in decision XVII/17 the Parties agreed:

“1. To request the Technology and Economic Assessment Panel to prepare terms of reference for the conduct of case-studies in Parties operating under paragraph 1 of Article 5 of the Protocol, with regional representation, on the technology and costs associated with a process for the replacement of chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated chlorofluorocarbons;”

“2. That these studies should explore economic and other incentives which will encourage users to phase out equipment and ozone-depleting substances and to reduce emissions, as well as the viability and costs of setting up destruction facilities in countries operating under paragraph 1 of Article 5 of the Protocol, and that the said studies should include a regional analysis relating to the management, transport and destruction of chlorofluorocarbons;”

“3. Also to request the Technology and Economic Assessment Panel to review possible synergies with other conventions such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention on Persistent Organic Pollutants;”

“4 To request the Technology and Economic Assessment Panel to adopt the recovery and destruction efficiency parameter proposed in the Panel’s report to the Open-ended Working Group at its twenty-fifth meeting<sup>2</sup> as the parameter to be applied in developing the proposed study referred to above;”

“5. That said terms of reference shall be submitted to the Parties at the twenty-sixth meeting of the Open-ended Working Group, and that provision will be made for resources for this purpose in the 2006–2008 replenishment of the Multilateral Fund,”

1. That [the entity] [the Technology and Economic Assessment Panel] [the Multilateral Fund Secretariat] [the contractor] selected to conduct the case-studies called for in decision XVII/17 should develop case-studies in Parties operating under paragraph 1 of Article 5 of the Protocol, with regional representation, on the technology and costs associated with a process for the replacement of chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated chlorofluorocarbons, including reclamation and destruction;

2. That in carrying out these case-studies, the entity selected should:

[(a) Review the experiences of Parties not operating under paragraph 1 of Article 5 with ozone-depleting substance recovery, reclamation and destruction technologies with respect to refrigerants and/or blowing agents, making specific reference to types and scales of operations, and transport (including relevant conventions), storage and disposal issues;]

(a) Select from one [to three] Parties operating under paragraph 1 of Article 5 of the Protocol in each [region] [economic zone] for the purpose of developing descriptive case-studies of actual experiences associated with the replacement of chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated chlorofluorocarbons;

(b) In developing the case-studies in paragraph (a), include details about the technologies and costs associated with the replacement of chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated chlorofluorocarbons [as well as predicted amounts of equipment which are likely to be brought to recovery and final disposal];

[(c) Based on the case-studies developed pursuant to paragraphs (a) and (b), describe [economic] [policy] and other incentives which will encourage the phase-out of chlorofluorocarbon-containing refrigeration and air-conditioning equipment and result in the reduction of emissions;]

(d) Based on the case-studies developed pursuant to paragraphs (a) and (b), provide a regional [analysis of] [recommendations for] the management, [reclamation,] transport and [sustainable] destruction of [obsolete] chlorofluorocarbons recovered from chlorofluorocarbon-containing refrigeration and air-conditioning equipment, including the potential viability and costs of setting up destruction facilities in countries operating under paragraph 1 of Article 5 of the Protocol as compared to using existing destruction facilities;

[(e) Build models based on studied real examples, highlighting critical issues and factors for success;]

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<sup>2</sup> Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-life Issues (May 2005).

[(f) Determine the annual reductions of ozone-depleting substances which will likely be attained through the implementation of the various options using, where relevant, the recovery and destruction efficiency parameter proposed by the Technology and Economic Assessment Panel in its report of the Task Force on foam end-of-life issues (May 2005);]

[(g) Explore possibilities for and benefits of using infrastructure and logistics already existing or planned to fulfil the needs for recovery, transport and final disposal contained in other related conventions, such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade and the Stockholm Convention on Persistent Organic Pollutants;]

[3. That, to the extent feasible, the convenors of the study should provide a progress report to the Secretariat and, through it, to the Open-ended Working Group at least six weeks before its twenty-eighth meeting, and a final report to the Secretariat and, through it, to the Nineteenth Meeting of the Parties, at least six weeks before the Nineteenth Meeting of the Parties];

## **E. Decision XVIII/\_\_\_: Sources of carbon tetrachloride emissions and opportunities for reductions**

*Noting* with appreciation the information presented by the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee in its May 2006 progress report,

*Mindful* of the obligations to ensure control measures under Article 2 D of the Montreal Protocol regarding production and consumption of carbon tetrachloride,

*Desiring* to reduce emissions to background concentration levels, encourage earlier adaptation of ozone-safe alternatives and set limits on emissions that occur during interim use,

*Expressing* concern regarding the large discrepancy in reported emissions and observed atmospheric concentrations, which clearly indicate that emissions from industrial activity are being significantly underestimated (as of 2002 they were still in the order of 70,000 tonnes (plus or minus 6,000 tonnes)),

1. To request the Technology and Economic Assessment Panel to continue its assessment of global emissions of carbon tetrachloride, as set out in decision XVI/14 and other related decisions such as decision XVII/19, paragraph 6, paying particular attention:

- (a) To obtaining better data for industrial emissions to enable resolution of the significant discrepancy with atmospheric measurements;
- (b) To further investigating issues related to production of carbon tetrachloride (including its production as a by-product and its subsequent use, storage, recycling or destruction);
- (c) To estimating emissions from other sources such as landfills;
- (d) To proposing additional requirements and strategies for carbon tetrachloride controls;

2. To request that the Technology and Economic Assessment Panel prepare a final a report on the assessment referred to in paragraph 1 in time for the twenty-seventh meeting of the Open-ended Working Group for the consideration of the Nineteenth Meeting of the Parties in 2007;

**F. Decision XVIII/\_\_\_: Facilitating the transition to non-chlorofluorocarbon metered-dose inhalers in Parties operating under paragraph 1 of Article 5**

*Recognizing* that Parties operating under paragraph 1 of Article 5 must reduce consumption of Annex A, group I, controlled substances (chlorofluorocarbons) by 85 percent of their baseline by 2007 and complete the phase-out of Annex A, group I, controlled substances by 1 January 2010, including the chlorofluorocarbons used in metered-dose inhalers for the treatment of asthma and chronic obstructive pulmonary disease,

*Bearing* in mind that, according to paragraph 7 of decision IV/25, essential-use controls will not be applicable to Parties operating under paragraph 1 of Article 5 until the phase-out dates applicable to those Parties,

*Noting* that at the present time developed countries still require pharmaceutical grade chlorofluorocarbons to produce metered-dose inhalers, as demonstrated by current essential-use exemption requests granted by the Parties,

*Recognizing* the potential uncertainty of supplies of pharmaceutical grade chlorofluorocarbons in the near future and the impact on people's health and local businesses if national manufacturing plants which depend on imports of those substances cannot predict their availability,

*Aware* that the phase-out of chlorofluorocarbon metered-dose inhalers in Parties not operating under paragraph 1 of Article 5 is likely to be complete by the phase-out deadline and that most of the metered-dose inhalers used by patients in Parties operating under paragraph 1 of Article 5 are imported from Parties not operating under paragraph 1 of Article 5,

*Acknowledging* that some Parties operating under paragraph 1 of Article 5 have adopted metered-dose inhaler transition strategies, as encouraged by decision XII/2, but noting that most Parties operating under paragraph 1 of Article 5 have yet to put in place national or regional transition strategies and that Parties that produce metered-dose inhalers will be unable to finalize such strategies unless technology conversion is included in their national plans,

*Understanding*, therefore, that there is a need for further measures to facilitate the transition to non-chlorofluorocarbon treatments for asthma and chronic obstructive pulmonary disease in Parties operating under paragraph 1 of Article 5,

*Mindful* that in some cases a regional approach to transition may be the most efficient,

*Taking into account* that decision XVII/14 calls for the Eighteenth Meeting of the Parties to consider taking a decision addressing the difficulties faced by Parties operating under paragraph 1 of Article 5 on metered-dose inhaler transition,

1. To request the Executive Committee of the Multilateral Fund to accord increased priority to funding projects in [metered-dose inhaler producing] Parties operating under paragraph 1 of Article 5 that facilitate the transition from chlorofluorocarbon metered-dose inhalers [within the context of the existing Multilateral Fund guidelines and project agreement];

2. To request the Executive Committee of the Multilateral Fund to consider reviewing its decision 17/7 with regard to the existing cut-off date for consideration of metered-dose inhaler conversion projects in the light of the reality of the pace of technological advances in the metered dose inhaler sector and the potential uncertainty in the supply of pharmaceutical grade chlorofluorocarbons;

3. That the Implementation Committee and the Meeting of the Parties should defer until 2010 consideration of the compliance status of Parties operating under paragraph 1 of Article 5 which provide evidence to the Ozone Secretariat with their data reports submitted in accordance with Article 7 showing that any deviation from their respective chlorofluorocarbon consumption targets is due to the use of chlorofluorocarbons in the production of metered-dose inhalers;

OR

3. That the Meeting of the Parties request the Implementation Committee to consider the potential non-compliance difficulties of Parties operating under paragraph 1 of Article 5 resulting from their relatively high proportion of chlorofluorocarbon consumption in the metered-dose inhaler sector and to propose options on how to treat such Parties;

4. To request that UNEP, under its OzonAction Programme, elucidate steps required to advance the transition from chlorofluorocarbon metered-dose inhalers, as one of the topics to be discussed in the regional workshops to be held in 2007;

5. To request each Party receiving essential use authorizations [for the manufacture of chlorofluorocarbon metered-dose inhalers for export to Parties operating under paragraph 1 of Article 5] to submit to each importing Party a detailed export manufacturing transition plan for each manufacturer specifying the actions that each manufacturer is taking and will take to transition its exports to chlorofluorocarbon-free metered-dose inhalers as expeditiously as possible in a manner that does not put patients at risk;

6. That each manufacturer's export manufacturing transition plans should include specific details for each of the manufacturer's export markets and for each metered-dose inhaler by active ingredient concerning:

(a) Timing of submission to the health authority of marketing applications for chlorofluorocarbon-free alternatives, expected approval and launch of same, and withdrawal of its chlorofluorocarbon product or products;

(b) Indicative information on facilitative pricing, licensing and/or technology transfer arrangements under consideration;

(c) Contribution to, and participation in, programmes for educating health care professionals, government health authorities and patients about the transition to chlorofluorocarbon-free treatments for asthma and chronic obstructive pulmonary disease;

7. Consistent with decision IV/25 and paragraph 4 of decision XII/2, to request each Party referred to in paragraph 5 of the present decision, when deciding whether to nominate essential use volumes for and/or grant essential use licenses to a manufacturer, to take into account whether the manufacturer is pursuing best efforts to implement its export manufacturing transition plan and making its best possible contribution to transition towards chlorofluorocarbon-free metered-dose inhalers;

8. To request each Party referred to in paragraph 5 to submit each year to the Technology and Economic Assessment Panel, as part of the Party's essential use nomination, a report summarizing the export manufacturing transition plans submitted, taking care to protect any confidential information;

9. To request the Technology and Economic Assessment Panel to consider such reports in its assessment of each Party's essential use nomination;

10. To request the Technology and Economic Assessment Panel to assess and report on the need for, feasibility of, optimal timing of, and recommended quantities for a limited campaign production of chlorofluorocarbons exclusively for metered-dose inhalers in Article 5 and Parties not operating under paragraph 1 of Article 5;

**G. Decision XVIII/\_\_\_: Adjustment of the Montreal Protocol to advance the phase-out of the production of chlorofluorocarbons by Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5: adjustments relating to controlled substances in Annex A**

*Recalling* decision XVII/12 of the Parties to address the continuing production of chlorofluorocarbon production by Parties not operating under paragraph 1 of Article 5 of the Montreal Protocol to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5 of the Protocol,

*Noting* that decision XVII/12 called for Parties to consider at their Eighteenth Meeting an adjustment to accelerate the phase-out schedules set out in Article 2A of the Protocol for chlorofluorocarbon production to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5,

*Recognizing* the current phase-out schedule for production of chlorofluorocarbons to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5 of the Protocol by 2010 as set out in Article 2A,

*Further noting* that sufficient supplies of chlorofluorocarbons are available from production facilities in Parties operating under paragraph 1 of Article 5 of the Protocol and from recycled and reclaimed stocks to serve the basic domestic needs of Parties operating under paragraph 1 of Article 5 of the Protocol,

To adjust the Montreal Protocol as follows:

**Adjustments relating to controlled substances in Annex A**

**Article 2A: Chlorofluorocarbons**

Paragraph 8 of Article 2A of the Protocol shall be preceded by the following sentence:

“Each Party shall ensure that, for the twelve-month period commencing on 1 January 2008 and in each twelve-month period thereafter, its calculated level of production of the controlled substances in group I of Annex A for the basic domestic needs of the Parties operating under paragraph 1 of Article 5 does not exceed [ ].”

**Annex**

**Background paper prepared by Canada on the need for basic domestic needs production in the 2005–2010 period**

The year 2005 marked a key turning point in the evolution of the Montreal Protocol, since it was the first year in which Parties operating under paragraph 1 of Article 5 of the Protocol (Article 5 Parties) were obliged to comply with sustained reductions of several ozone-depleting substances, including a 50 per cent reduction of both CFC and halon consumption, an 85 per cent reduction of carbon tetrachloride consumption and a 20 per cent reduction in methyl bromide consumption. It appears that most Article 5 Parties are successfully meeting these consumption targets due to effective domestic controls and policies, assistance provided through Multilateral Fund projects and reductions of production of ozone-depleting substances in Argentina, China, India, Mexico and Venezuela. In 2005, Mexico became the first Article 5 Party completely to stop CFC production with assistance from the Multilateral Fund, an important milestone in the worldwide progress of the Montreal Protocol.

Parties not operating under paragraph 1 of Article 5 of the Protocol (non-Article 5 Parties) have also done their share by contributing to the Multilateral Fund and reducing CFC production exported to Article 5 countries under the Protocol’s basic domestic needs provisions. Indeed, in 2003, Italy on

behalf of the European Community, announced voluntary cuts in CFC basic domestic needs production from several producers within the Community, and further reductions in the Community were announced at the Seventeenth Meeting of the Parties. Since the late 1990s, CFC basic domestic needs production from the European Community has decreased from a high of about 27,000 ODP tonnes to 13,000 ODP tonnes in 2004. This early trend in favour of reduction is continuing.

While such voluntary cuts in basic domestic needs production send a positive signal, with the Protocol's 2007 85 per cent CFC reduction target and the 2010 CFC phase-out target looming, it is appropriate for Parties to consider whether CFC basic domestic needs production phase-out could be advanced. Despite the voluntary cuts that have been made, TEAP still estimates that in 2005 close to 9,400 ODP tonnes of CFCs will have been produced and exported from a few non-Article 5 countries to Article 5 countries. In 2006, a CFC basic domestic needs production of about 8,500 ODP tonnes is expected, while in 2007, 2008 and 2009, production could be just over 3,000 ODP tonnes per year, again according to TEAP. It has been argued by several Parties, as well as the Environmental Investigation Agency, that basic domestic needs production of CFCs has contributed to keeping the prices of CFCs relatively low in many Article 5 countries, thus hampering their efforts to phase out CFC consumption and, in particular, successfully to implement CFC recovery and recycling projects supported by the Multilateral Fund.

While in its 2004 report on basic domestic needs, TEAP did not actually recommend adjusting the Montreal Protocol to reduce further or eliminate basic domestic needs production, the report did indicate that the data available were inadequate to make any definite conclusions and it confirmed that no increase in the prices of CFCs resulting from a lack of CFCs could be observed in Article 5 Parties. In other words, CFCs remained relatively plentiful.

The lack of a significant increase in the prices of CFCs should be a source of concern as Parties approach the 2007 and 2010 targets, because the vast majority of CFCs still consumed in Article 5 Parties are for the refrigeration and air conditioning servicing sector. As the experiences of many non-Article 5 Parties demonstrate, a large part of the CFC requirements for this sector can be met by CFCs that are recovered, recycled and reclaimed, as long as there are sufficient price incentives to ensure that such activities are profitable. Indeed, in the early 1990s, most non-Article 5 Parties experienced a very sharp increase in CFC prices as production was eliminated within a relatively short period of time. These price increases led to massive efforts to retrofit and replace refrigeration systems with non-CFC alternatives and facilitated the wide recovery, recycling and reclamation of CFCs. In the case of Article 5 Parties, on the other hand, it is possible that, so long as CFC production is not reduced further, the phase-out of CFCs in the servicing sector will present a much more serious challenge.

Considering these factors, it is likely that the only way to promote a significant increase in the price of CFCs, and thereby facilitate phase-out in the servicing sector, would be an early halt in CFCs produced under the basic domestic needs provision. The effect of this proposed adjustment would be completely to cease production by non-Article 5 Parties of Annex A CFCs to meet the basic domestic needs of Article 5 Parties by 1 January 2008, or two years earlier than required under the current Montreal Protocol.