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**Eighteenth Meeting of the Parties  
to the Montreal Protocol on  
Substances that Deplete the Ozone Layer**  
New Delhi, 30 October–3 November 2006

**Item 9 of the provisional agenda  
of the high-level segment:\***  
**Adoption of decisions by the Eighteenth Meeting  
of the Parties to the Montreal Protocol**

## **Draft decisions and proposed adjustment**

In order to facilitate the work of Eighteenth Meeting of the Parties to the Montreal Protocol, the Secretariat has prepared the present document, which contains three chapters. Chapter I encompasses the draft decisions and a submission that the Open-ended Working Group at its twenty-sixth meeting decided to forward for consideration by the Eighteenth Meeting of the Parties. Chapter II sets forth the proposed adjustment to the Protocol which the Open-ended Working Group agreed at that same meeting should be forwarded for consideration by the Eighteenth Meeting of the Parties. Chapter III, which is included solely to facilitate the work of the Meeting of the Parties, contains draft decisions which primarily reflect the traditional administrative decisions which have historically been approved by the Parties to the Montreal Protocol at their annual meetings. The texts in chapters I and II have been reproduced as circulated and have not been formally edited.

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\* UNEP/OzL.Pro.18/1.

## **I. 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. Draft decision XVIII/A: 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. Draft decision XVIII/B: 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)

Party	2007 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)

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

#### C. Draft decision XVIII/C: 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. Draft decision XVIII/D: 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>1</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;

<sup>1</sup> Report of the Technology and Economic Assessment Panel, Volume 3, Report of the Task Force on Foam End-of-life Issues (May 2005).

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 in respect of 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;]

[(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. Draft decision XVIII/E: 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. Draft decision XVIII/F: 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. Draft decision XVIII/G: Multi-year exemptions for methyl bromide**

[*Recalling* that, in decision Ex.I/3, the Parties agreed to consider the elaboration of criteria and a methodology for authorizing multi-year exemptions,

1. That a Party nominating a multi-year critical-use exemption should submit such a nomination consistent with the deadline applicable to single-year nominations for critical-use exemption;
2. That a Party nominating multi-year exemptions should strive to ensure that the amount of methyl bromide requested in the nomination for critical-use exemption generally demonstrates a downward trend over the duration of the exemption request;
3. That the Methyl Bromide Technical Options Committee will evaluate all years of the request in any multi-year nomination for critical-use nomination in accordance with its normal review process and schedule of meetings, and provide recommendations for all years requested with respect to those Parties that have made such a nomination; such reviews will occur simultaneously with reviews by the Methyl Bromide Technical Options Committee of single-year nominations for critical-use exemptions;
4. That, in performing an evaluation on a multi-year nomination for critical-use exemption, the Methyl Bromide Technical Options Committee will apply the relevant criteria agreed upon by the Parties in decision IX/6 and Ex.I/4, paragraph 9 (c), to multi-year nominations for critical-use exemption in the normal course of its meeting schedule, and using the same standards and presumptions that it applies to single-year critical-use exemptions nominations;
5. That the first Meeting of the Parties following the evaluation by the Methyl Bromide Technical Options Committee will consider both single and multi-year nominations for critical-use exemptions made by applicants, and the related recommendations of Methyl Bromide Technical Options Committee, over the full period of time requested by the critical-use exemption applicant, taking into account the criteria set out in decisions IX/6 and Ex.I/4, paragraph 9 (c);
6. That a Party receiving a multi-year critical-use exemption should apply the criteria of decisions IX/6 and Ex.I/4 paragraph 9 (c), where relevant, when licensing, permitting, or authorizing the use of methyl bromide pursuant to a multi-year critical-use exemption that has been approved by the Parties;
7. That each Party receiving a multi-year critical-use exemption approved by the Meeting of the Parties may request reconsideration of its approved critical-use exemption on the basis of changed circumstances; such requests should be submitted by the agreed deadline for annual nominations for critical-use exemption and will be evaluated by the Methyl Bromide Technical Options Committee in accordance with the provisions of paragraph 4 above;
8. That the first Meeting of the Parties following the evaluation by the Methyl Bromide Technical Options Committee will consider any request for reconsideration of an approved nomination for critical-use exemption described in paragraph 7, and the related recommendations from the Methyl Bromide Technical Options Committee.]

## **H. Future challenges to be faced by the Montreal Protocol**

### **Submission by Canada**

### **Key challenges to be faced by the Parties in protecting the ozone layer over the next decade**

The 19<sup>th</sup> Meeting of the Parties in 2007 will mark the twentieth anniversary of the Montreal Protocol. The protocol is widely recognized as the most successful multilateral environmental agreement and continues to be a worthy example of nations of the world coming together to address a major global environmental threat. The last two decades have seen the negotiation and implementation of a wide range of measures to phase-out the production and consumption of Ozone-Depleting Substances (ODS) and the creation of a broad array of institutional mechanisms to make this phase-out a global reality.

Momentous progress has been accomplished, thanks to the efforts of Article 5 and non-Article 5 countries, and the invaluable support of the many institutions guiding the work of the Montreal Protocol. In terms of ozone-depleting potential (ODP) tonnes, non-Article 5 countries have reduced over 95 per cent of their consumption of all ODS. Meanwhile, Article 5 countries have globally reduced their consumption of CFCs, halons, carbon tetrachloride and methyl chloroform by 50 to 75 per cent from their baselines, depending on the substance concerned. Furthermore, the Multilateral Fund has approved projects, including long-term multi-year phase-out plans, for the phase-out of almost all remaining ODS consumption and production in Article 5 countries, except for HCFCs.

The success of the Montreal Protocol has been observed in the upper atmosphere as the peak concentrations of ozone depleting substances was reached in the late 1990s and has been decreasing by about 1% per year since then. If all Parties to the Montreal Protocol follow the controls as contained in the Protocol, the ozone layer over most or the entire globe should be re-established in the second half of this century.

Since the signing of the Montreal Protocol, the international environmental agenda has changed dramatically. Several major new multilateral environmental agreements (MEAs) have entered into force and new international initiatives and financial institutions have emerged. As a result, the international community is increasingly focussing on ways to increase the effectiveness of multilateral environmental regimes, setting the stage for institutional reform. The success of the Montreal Protocol offers unique insight into multilateral effectiveness, which can inform broader policy discussions in these issues.

At the same time, while progress has been remarkable, it is often said that the Montreal Protocol should not rest on its laurels. Indeed, if we are to ensure that the phase-out achieved is sustained over time, and the Ozone regime is adjusted to ensure that remaining challenges are effectively addressed, we need to persist in our efforts while ensuring that supporting institutions are well adapted to face the future. In other words, as the Protocol progresses towards achieving its ultimate goals, so must the institutions evolve to address changing needs. The timing is ripe, therefore, for Montreal Protocol Parties to begin reflecting on the long-term needs of the Protocol and its institutions.

The following questions are among those that we believe Parties will need to address without delay in order to ensure that a forward-looking institutional change within the ozone regime takes place smoothly and efficiently. These could provide the basis for discussions beginning at OEWG 26, to prepare a forward-looking policy agenda for MOP 19, on the occasion of the Montreal Protocol's 20<sup>th</sup> anniversary.

#### **Overarching questions:**

- What are the key challenges Montreal Protocol Parties will face in protecting the ozone layer over the next decade? Two decades?
- Are the institutions of the Montreal Protocol optimized to meet these challenges and if not, what key institutional changes will be needed?
- What continuing services will the Parties require from their institutions and which activities and tasks need to be emphasized and which can be de-emphasised?
- How can compliance, effectiveness, coordination and synergy be maintained or enhanced over the next decades?

#### **Specific questions include:**

The following more specific questions are illustrative and not exclusive and are put forward only to stimulate broad discussion.

#### **The Advisory Bodies:**

- What do the Parties need or want the TEAP, Environmental Effects and Science Assessment Panels to do in the future? Might the Terms of Reference of the TEAP, EEP and SAP be adjusted to focus on new and remaining tasks?
- Do the Parties need the current set of annual reports annuals or would quadrennial progress reports suffice?
- What should be in the SAP, EEP's and TEAP's Terms of Reference for the 2010 Report?
- What do Parties need/want the Ozone Research Managers to do in the future?
- What is the long-term need for research, monitoring and modelling of the Ozone Layer?

- The Multilateral Fund and Secretariat
- What do Parties foresee as the future workload for the Multilateral Fund, its Secretariat and the Executive Committee?
- Is the scope of UNEP's Compliance Assistance Programme appropriate for the future and what role should or could it continue to play in the future?

#### **Monitoring Compliance, data reporting, MOPs and COPs**

- What will be the likely need for Meetings of the Parties in the future: frequency and duration? Conference of the Parties?
- What should be the future role and function of the Ozone Secretariat?
- What will be the future of the Implementation Committee as ODS production and consumption are phased-out?
- How can the Protocol system work effectively to ensure compliance in the long term?
- What assistance do the parties see as necessary for enabling Article 5 parties to meet their ongoing obligations for example with HCFCs phase-out, data reporting, compliance promotion etc. and are the existing institutions adequate.

#### **Suggested Path Forward:**

Circulate the non-paper at OEWG-26 and suggest that Parties meet in an open-ended contact group;

Create an intercessional balanced smaller working group, whose output will be a more specific set of key issues and questions and areas of investigation to be tabled at MOP 18;

MOP 18 to endorse a path forward to MOP 19;

Working through 2007 to prepare specific decisions and strategy elements or a strategy document that could be considered for formal adoption at MOP 19.

## **II. Proposed adjustment to the Montreal Protocol**

### **Draft 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, in the light of the considerations set out in the background paper prepared by Canada, annexed to the present decision:

## **Adjustment 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**

2005 marked a 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, thanks to their 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. Thus, 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 draw any definite conclusions and 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.

### III. Draft decisions on administrative matters

#### **Draft decision XVIII/AA: Ratification of the Vienna Convention, the Montreal Protocol and the London, Copenhagen, Montreal and Beijing amendments to the Protocol**

1. To note with satisfaction the large number of countries that have ratified the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer;
2. To note that, as of 30 October 2006, --- Parties had ratified the London Amendment to the Montreal Protocol, --- Parties had ratified the Copenhagen Amendment to the Montreal Protocol, and --- Parties had ratified the Montreal Amendment to the Montreal Protocol, while only -- Parties had ratified the Beijing Amendment to the Montreal Protocol;
3. To urge all States that have not yet done so to ratify, approve or accede to the Vienna Convention and the Montreal Protocol and its amendments, taking into account that universal participation is necessary to ensure the protection of the ozone layer;

#### **Draft decision XVIII/BB: Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol**

To endorse the selection of ----- and ----- as Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol for 2007;

#### **Draft decision XVIII/CC: Membership of the Implementation Committee**

1. To note with appreciation the work done by the Implementation Committee in the year 2006;
2. To confirm the positions of Argentina, Lebanon, New Zealand, Nigeria and Poland for one further year and to select -----, -----, -----, ----- and ----- as members of the Committee for a two-year period from 1 January 2007;
3. To note the selection of the ----- to serve as President and of ----- and ----- to serve as Vice-President and Rapporteur, respectively, of the Implementation Committee for one year with effect from 1 January 2007;

#### **Draft decision XVIII/DD: Membership of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol**

1. To note with appreciation the work done by the Executive Committee with the assistance of the Fund Secretariat in the year 2006;
2. To endorse the selection of -----, -----, -----, -----, -----, ----- and ----- as members of the Executive Committee representing Parties not operating under paragraph 1 of Article 5 of the Protocol and the selection of -----, -----, -----, -----, ----- and ----- as members representing Parties operating under that paragraph, for one year effective from 1 January 2007;
3. To note the selection of ----- to serve as Chair and ----- to serve as Vice-Chair of the Executive Committee for one year with effect from 1 January 2007;

#### **Draft decision XVIII/EE: Nineteenth Meeting of the Parties to the Montreal Protocol**

To convene the Nineteenth Meeting of the Parties to the Montreal Protocol in ----- from --- to -- September 2007.