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**Sixteenth Meeting of the Parties
to the Montreal Protocol on
Substances that Deplete the
Ozone Layer**
Prague, 22–26 November 2004

**Report of the Executive Director to the Sixteenth Meeting of the
Parties to the Montreal Protocol****I. Introduction**

1. The present report reviews the status of implementation of the Montreal Protocol and the actions taken to implement the decisions of the Fifteenth Meeting and the First Extraordinary Meeting of the Parties to the Montreal Protocol. It also summarizes the issues that will be placed before the Sixteenth Meeting of the Parties, which is to be held in Prague from 22 to 26 November 2004.

**II. Implementation of the decisions of the Fifteenth Meeting of the
Parties and the First Extraordinary Meeting**

2. A report on the status of the implementation of the decisions of the Fifteenth Meeting of the Parties, held in Nairobi from 10 to 14 November 2003 and the First Extraordinary Meeting of the Parties, held in Montreal from 24 to 26 March 2004, is set out in the annex to the present report. Further to the implementation of the provisions of the Montreal Protocol and of the decisions of the Meetings of the Parties, as well as the recommendations made by the Open-ended Working Group at its twenty-fourth meeting, held in Geneva from 13 to 16 July 2004, the Sixteenth Meeting of the Parties will have before it, among other things, the issues set out below for consideration and appropriate decisions.

3. The Technology and Economic Assessment Panel (TEAP) completed its progress report in May 2003. The TEAP Chiller Task Force also completed its report in June 2003. The two reports were posted on the Ozone Secretariat web site and printed copies were distributed to the Parties.

4. TEAP and its Methyl Bromide Technical Options Committee (MBTOC) also completed a report on the evaluation of critical use nominations for methyl bromide. The report is expected to be published in late September 2004 and will be posted on the Ozone Secretariat web site. Printed copies will also be distributed to the Parties.

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III. Issues before the Sixteenth Meeting of the Parties

5. All the draft decisions referred to in this report are contained in annex I to the report of the twenty-fourth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol (UNEP/OzL.Pro/WG.1/24/9) and are reproduced in document UNEP/OzL.Pro.16/3, which contains draft decisions forwarded by the Open-ended Working Group for consideration by the Sixteenth Meeting of the Parties.

Item 3: Consideration of issues arising out of the reports of the Technology and Assessment Panel

Item 3 (a): Recommendations emanating from the twenty-fourth meeting of the Open-ended Working Group

(i) *Essential-use nominations for non-Article 5 Parties*

6. Five Parties, the European Community, Poland, the Russian Federation, Ukraine and the United States of America, have requested essential-use exemptions in 2004 for metered-dose inhalers (MDIs), applicable to the years 2005–2008. In accordance with the criteria and process set forth in decision IV/25 and subsequent decisions V/18, VII/28, VIII/9, VIII/10, XII/2 and XIV/5 for the assessment of essential-use nominations, the TEAP Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee (ATOC) assessed the nominations.

7. At the twenty-fourth meeting of the Open-ended Working Group, discussions took place on recommendations by TEAP on the nominations for essential use exemptions, particularly on the situation of Poland and the Russian Federation. Following the discussions, the European Community, on behalf of the 25 member States of the European Union, introduced a conference room paper containing a draft decision on essential-use nominations, which had been drawn up in the light of decision XV/5 and the TEAP report, requesting TEAP to review essential-use nominations for chlorofluorocarbons (CFCs) for metered-dose inhalers in the light of the plans of action for phase-out of CFCs for salbutamol inhalers to be submitted by Parties, including a timetable for this review, clarification of some of the terms used in decision XV/5 and additional guidance on the conditions under which exemptions should be recommended.

8. The proposal was further discussed in a small contact group which suggested amendments to the text of the draft decision dealing with, among other issues, supplemental nominations for CFCs for salbutamol-containing metered-dose inhalers and flexibility in the dates by which information needed to be submitted in time for the ATOC assessment. The Open-ended Working Group agreed to forward the draft decision in square brackets to the Sixteenth Meeting of the Parties, with the understanding that the European Commission would put forward a modified text for consideration by the Sixteenth Meeting. The draft decision is set out in part A of document UNEP/OzL.Pro.16/3.

9. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider a modified text of the draft decision, which is expected to be submitted by the European Community.

(ii) *Assessment of the portion of the refrigeration service sector made up by chillers and identification of incentives and the impediments to the transition to non-CFC equipment*

10. In decision XIV/9, the Parties requested TEAP to collect data and assess the portion of the refrigeration service sector made up of chillers and identify incentives and impediments to the transition to non-CFC equipment. The report of the TEAP Chiller Task Force was completed and distributed to the Parties in June 2004, together with the TEAP 2004 progress report.

11. At the twenty-fourth meeting of the Open-ended Working Group, a draft decision was presented containing three main elements: funding for additional demonstration projects; funding for awareness programmes for users, which would help encourage chiller users to phase out CFCs in a timely manner; and inclusion in refrigerant management plans of the use of ozone-depleting substances recovered from chillers for servicing needs. After a discussion and subsequent revision of the draft decision, the Open-ended Working Group agreed to forward the draft decision to the Sixteenth Meeting of the Parties. The draft decision is set out in part B of document UNEP/OzL.Pro.16/3.

12. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the draft decision and take an appropriate decision.

(iii) Sources of carbon tetrachloride emissions and means of reducing such emissions

13. At the twenty-fourth meeting of the Open-ended Working Group, the European Community, jointly with the United States, introduced a proposal on sources of carbon tetrachloride emissions and opportunities for reductions. After a discussion, the Open-ended Working Group decided to forward the draft decision to the Sixteenth Meeting of the Parties. The draft decision is set out in part L of document UNEP/OzL.Pro.16/3.

14. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the draft decision and take an appropriate decision.

(iv) Review of approved destruction technologies

15. At the twenty-fourth meeting of the Open-ended Working Group, a proposal submitted by Canada on the review of approved destruction technologies pursuant to decision XIV/6 of the Meeting of the Parties was discussed. The purpose of the proposed draft decision was to request TEAP to provide an update on the status of destruction technologies that had been qualified as “emerging” to in order to see if they could be included in the list of destruction technologies.

16. During the ensuing discussion, the representative of TEAP said that the panel was prepared to complete the proposed task if the Parties so wished. The Working Group agreed to forward the draft decision to the Sixteenth Meeting of the Parties. The draft decision is set out in part L of document UNEP/OzL.Pro.16/3.

17. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the draft decision and take an appropriate decision.

Item 3(b): Assessment by the Technology and Economic Assessment Panel of the availability of supply of CFCs and carbon tetrachloride required for basic domestic needs for Article 5 Parties for the period 2004–2010 (decision XV/2)

18. In decision XV/2, the Parties requested TEAP to assess the quantities of CFCs and carbon tetrachloride required for the basic domestic needs of Article 5 Parties for the period 2004–2010 and the availability of the needed supply and report to the twenty-fourth meeting of the Open-ended Working Group or to the Sixteenth Meeting of the Parties. TEAP was unable to complete this report prior to the twenty-fourth meeting of the Open-ended Working Group, but was expected to publish its findings at least six weeks prior to the Sixteenth Meeting of the Parties.

19. At the twenty-fourth meeting of the Open-ended Working Group, it was noted that certain important sector phase-out plans were still under way, in particular in Venezuela and China. It was suggested that TEAP be requested to take note of those activities as well in its report.

20. Proposal for action: The Sixteenth Meeting of the Parties may wish to discuss the findings of TEAP and take decisions as appropriate.

Item 3(c): Development of a plan of action for modification of the regulatory requirements on halon use in new airframes (decision XV/11)

21. In decision XV/11, the Parties authorized the representatives of the Ozone Secretariat and TEAP to engage in discussions with relevant International Civil Aviation Organization (ICAO) bodies in the development of a timely plan of action to facilitate consideration of the possibility that modifying regulatory requirements mandating the use of halons on new airframes may be feasible without compromising the health and safety of airline passengers, and to report thereon to the Sixteenth Meeting of the Parties.

22. At the twenty-fourth meeting of the Open-ended Working Group and in its 2004 progress report, TEAP reported on the progress that had been made. Meetings had been held in March 2004 among ICAO, TEAP and representatives of the Ozone Secretariat. Further discussions would be held with ICAO as well as the International Air Transport Association on the issue. A second interim progress report is expected to be provided by TEAP and/or its Halons Technical Option Committee (HTOC) to the Sixteenth Meeting of the Parties.

23. Proposal for action: The Sixteenth Meeting of the Parties may wish to take note of the report of HTOC and provide further guidance to TEAP and HTOC if necessary.

Item 3(d): Review of requests for consideration of specific uses against criteria in decision X/14 and decision XV/7, paragraph 3 process-agent

24. In paragraph 3 of decision XV/7, the Parties requested TEAP to review requests for consideration of specific uses against decision X/14 criteria for process agents and make recommendations to the Parties annually on uses that could be added to or removed from table A of decision X/14. In its 2004 progress report, TEAP stated that the review of requests on process agents would be among the issues to be taken up by the new chemical technical options committee that is being constituted.

25. At the twenty-fourth meeting of the Open-ended Working Group, TEAP reported on progress with the review of process agent uses. A TEAP task force had been set up to perform a detailed review and would present its conclusions at the Sixteenth Meeting of the Parties. After the Fifteenth Meeting of the Parties, requests for reviews of uses as process agents were received from Argentina, the Democratic People's Republic of Korea, Israel, Romania, the United Kingdom of Great Britain and Northern Ireland and the United States of America. The TEAP task force, through the Ozone Secretariat, requested clarifications and additional information from the nominating Parties as necessary. TEAP and its task force are expected to complete the review and make recommendations in time for the Sixteenth Meeting of the Parties.

26. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the recommendations of TEAP and take an appropriate decision.

Item 4: Consideration of methyl-bromide-related issues

Item 4(a): Recommendations of the Open-ended Working Group at its twenty-fourth meeting

(i) Multi-year exemptions for methyl bromide use

27. Paragraph 6 of decision Ex.I/3 of the first Extraordinary Meeting of the Parties noted a proposed decision submitted by the United States of America providing that, when the Meeting of the Parties had granted a critical-use exemption for methyl bromide and a level of production and consumption for a particular Party for 2005 only, that Party would be entitled to request exemptions for 2006 and 2007 as well. The proposed decision also provided for the establishment of criteria and methodology for authorizing multi-year exemptions.

28. At the twenty-fourth meeting of the Open-ended Working Group, the United States of America presented a proposal on the granting of multi-year exemptions for certain critical uses of methyl bromide. It was explained that the proposal was essentially a framework meant to apply to various situations that were not unique to the United States of America, and that by applying the same approval approach used for single-year exemptions, it would promote transparency, give greater flexibility to users in taking decisions relating to options and significantly reduce the administrative burden on MBTOC and the Meeting of the Parties in reviewing and taking decisions on individual cases.

29. Both support and concerns were raised in the debate on the proposal. The Open-ended Working Group agreed to forward the proposal in square brackets to the Sixteenth Meeting of the Parties. The proposal is set out in part F of document UNEP/OzL.Pro.16/3.

30. Proposal for action: The Sixteenth Meeting of the Parties may wish to further discuss the issue and take an appropriate decision.

(ii) Trade in products and commodities treated with methyl bromide

31. The issue of trade in products and commodities treated with methyl bromide was first introduced and discussed at the Fifteenth Meeting of the Parties. At the twenty-fourth meeting of the Open-ended Working Group, the representative of Kenya introduced a draft decision on the issue. The proposal aimed to ensure that trade restrictions against products treated with, or grown in soil treated with, methyl bromide were not applied against Parties that were in compliance with the Protocol. The proposed decision also requested TEAP to provide an assessment of the impacts of trade restrictions, if possible on a region- or country-specific basis.

32. After a debate on the issue and some consultation among the Parties, the draft decision was modified. The Open-ended Working Group agreed to forward the revised draft decision to the Sixteenth Meeting of the Parties in square brackets. The revised draft decision is as set out in part G of document UNEP/OzL.Pro.16/3.

33. Proposal for action: The Sixteenth Meeting of the Parties may wish to discuss the issue further and take an appropriate decision.

(iii) *Request for technical and financial support relating to methyl bromide alternatives*

34. The issue of requests for technical and financial support relating to methyl bromide was first introduced at the Extraordinary Meeting of the Parties in March 2004. Burkina Faso raised the issue again at the twenty-fourth meeting of the Open-ended Working Group and introduced a draft decision calling for technical and economic support and translation of documents issued by MBTOC.

35. Following a discussion, the Open-ended Working Group decided to forward the draft decision in square brackets to the Sixteenth Meeting of the Parties. The draft decision is set out in part H of document UNEP/OzL.Pro.16/3. Additional details on the cost of the requested translation were to be provided by the Ozone Secretariat at that time.

36. Proposal for action: The Sixteenth Meeting of the Parties may wish to further discuss the draft decision in the light of the additional details.

(iv) *Assessment of the normative authorization of the use of methyl bromide for quarantine and pre-shipment, feedstock and wooden pallet fumigation*

37. A proposal for assessing the use of methyl bromide for feedstock and quarantine and pre-shipment uses was first introduced at the Extraordinary Meeting of the Parties. At the twenty-fourth meeting of the Open-ended Working Group, Guatemala, supported by Colombia, introduced a draft decision on the issue. The draft decision requested TEAP to conduct an assessment of the normative authorization of the use of methyl bromide for feedstock, for quarantine and pre-shipment consumption and for wooden pallet fumigation.

38. Following discussions of the draft decision, it was agreed that interested delegations would attempt to revise and improve its wording and submit it for consideration by the Sixteenth Meeting of the Parties. The Open-ended Working Group decided to forward the draft decision to the Sixteenth Meeting of the Parties entirely in square brackets. The draft decision is set out in part I of document UNEP/OzL.Pro.16/3

39. Proposal for action: The Sixteenth Meeting of the Parties may wish to further consider the proposal and take an appropriate decision.

(v) *Flexibility in the use of alternatives for the phasing out of methyl bromide*

40. At the twenty-fourth meeting of the Open-ended Working Group, Guatemala introduced a draft decision on flexibility in the use of alternatives for the phasing out of methyl bromide. After a discussion on the issue, Guatemala stated that further attempts would be made to revise and improve the wording of the draft decision, which would be submitted for consideration at the Sixteenth Meeting of the Parties.

41. The Open-ended Working Group decided to forward the draft decision to the Sixteenth Meeting of the Parties entirely in square brackets. The draft decision is set out in part J of document UNEP/OzL.Pro.16/3.

42. Proposal for action: The Sixteenth Meeting of the Parties may wish to further discuss the issue and take an appropriate decision.

(vi) *Assessment of the volume of methyl bromide to be replaced by the implementation of technically and economically feasible alternatives to its quarantine and pre-shipment uses (decision XI/13, subparagraph 4 (b))*

43. In paragraph 4 of decision XI/13, the Parties requested TEAP to evaluate the technical and economic feasibility of alternative treatments and procedures that could replace methyl bromide for quarantine and pre-shipment treatment and to estimate the volume of methyl bromide that would be replaced by the implementation of technically and economically feasible alternatives for quarantine and pre-shipment treatment, reported by commodity and/or application.

44. TEAP reported on this issue in its 2003 progress report and noted that individual tonnages for uses of methyl bromide for quarantine and pre-shipment treatment of particular commodities were not available on a worldwide basis, though specific surveys were available for several countries. TEAP further noted that a survey had been commissioned by the European Community and was scheduled to be available for 2004. The survey was actually started in 2004 and the Parties have been requested, through the Ozone Secretariat, to provide data and information by 30 June 2004.

45. At its twenty-fourth meeting, the Open-ended Working Group discussed the feasibility of completing the survey by the 30 June deadline in view of the detailed nature of the survey and the ability of the Parties to answer all the survey questions. Recognizing the importance of the data and the already heavy work load borne by MBTOC, various suggestions were made as to how the work could be carried forward.

46. Australia, on behalf of Canada, Switzerland and the United States of America, presented a proposal to the Open-ended Working Group, but no agreement was reached. Australia stated its intention to hold intersessional discussions on the issue with a view to presenting a revised proposal to the Sixteenth Meeting of the Parties.

47. Proposal for action: The Sixteenth Meeting of the Parties may wish to deliberate on the issue and take appropriate decisions.

Item 4(b): Recommendations of the ad hoc working group on the review of the working procedures and terms of reference of the Methyl Bromide Technical Options Committee as they relate to the evaluation of critical-use nominations

48. During the first Extraordinary Meeting, the Parties decided, in decision Ex.1/5, to review the working procedures and terms of reference of MBTOC. The Parties established an ad hoc working group to meet for three days immediately prior to the twenty-fourth meeting of the Open-ended Working Group to discuss the elements contained in paragraph 2 of the same decision and report its findings and recommendations to the Open-ended Working Group. The ad hoc working group met from 10 to 12 July 2004 in Geneva. At its twenty-fourth meeting, the Open-ended Working Group considered the results of the ad hoc working group's meeting, which were described in document UNEP/OzL.Pro/AHWG.MBTOC/1/3, and heard reports from the ad hoc working group co-chairs.

49. The Open-ended Working Group established a contact group, which worked to consolidate the various proposals that had been tabled by the ad hoc working group. In order to complete the pending issues, the Open-ended Working Group decided to reconvene the ad hoc working group for a two-day meeting immediately preceding the Sixteenth Meeting of the Parties, and agreed that a central issue for discussion by the ad hoc working group would be further guidance for the application of the criteria set forth in decision IX/6. In addition, three relevant conference room papers would be discussed, including on the issue of conflict of interest. It was further agreed that Parties would submit to the Secretariat their comments on the issue of further guidance and the Secretariat would make the comments available to the Parties prior to the meeting in order to facilitate the discussion.

50. The conclusions and recommendations of the ad hoc working group will be reported to the Sixteenth Meeting of the Parties.

51. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the conclusions and recommendations of the ad hoc working group and take appropriate decisions.

Item 4(c): Recommendations of the Methyl Bromide Technical Options Committee of the Technology and Economic Assessment Panel on nominations for critical-use exemptions for methyl bromide (decision IX/6, para. 2, and XIII/11)

52. Pursuant to paragraph 2 of decision IX/6 and decision XIII/11, the 2004 nominations for critical use of methyl bromide were submitted by the Parties by the deadline date of 28 February 2004 as agreed by the Fifteenth Meeting of the Parties instead of the normal date of 31 January 2004. MBTOC met from 28 to 31 March 2004 in Montreal and carried out an initial evaluation of the 2004 nominations in accordance with guidance provided by the Parties. The results were then reviewed by TEAP and issued as an interim report. In its initial evaluation, MBTOC identified nominations for which additional information or clarification was needed, and those were requested from the relevant Parties through the Ozone Secretariat in June 2004.

53. The interim result of the evaluation of critical use nominations was considered by the Open-ended Working Group at its twenty-fourth meeting. A total of 159 nominations, covering both 2005 and 2006 and varying substantially in size and type, had been evaluated. Several issues and comments were raised in the Open-ended Working Group, including the guideline reduction rates and standardized phase-in schedules used by MBTOC; lower concentrations of methyl bromide recommended by MBTOC; application of the criteria set out in decision IX/6; the volume of critical use exemptions being sought; and the methyl bromide phase-out achieved so far by non-Article 5 Parties.

54. MBTOC met from 30 August to 3 September 2004 to complete the evaluation of the critical use nominations based on the answers to requests for further information provided by relevant nominating Parties. TEAP and MBTOC are expected to publish a final report on the issue in late September 2004.

55. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the recommendations of TEAP and MBTOC on the critical use nominations for methyl bromide and take appropriate decisions.

Item 4(d): Recommendations of the Methyl Bromide Technical Options Committee of the Technology and Economic Assessment Panel on the handbook, reporting forms and accounting framework for critical uses of methyl bromide

56. The handbook on critical use nominations for methyl bromide was prepared by TEAP and its MBTOC pursuant to decision XIII/11 and revised in August 2003 in response to the experience gained during the consideration of nominations submitted by Parties in early 2003. At the Extraordinary Meeting in March 2004, the Parties decided in decision Ex.I/4 on the conditions for granting and on reporting critical use exemptions for methyl bromide. In paragraph 9 (k) of that decision, TEAP was requested to modify the handbook to reflect new provisions set out in decision Ex.I/4 for submission and consideration by the Parties at their Sixteenth Meeting.

57. In decision Ex.I/4, paragraph 9 (f), TEAP was requested to recommend an accounting framework which the Parties could use for reporting on quantities of methyl bromide produced, imported and exported under the terms of approved critical use exemptions.

58. In paragraph 9 (g) of the same decision, TEAP was requested to provide, in consultation with interested Parties, a format for the Parties to report on their critical-use exemptions, based on annex I to the report of the Extraordinary Meeting.

59. At the twenty fourth meeting of the Open-ended Working Group, a draft of the handbook on critical-use nominations and an accounting framework were circulated. The draft handbook featured gaps where Parties were expected to make suggestions on how to amend handbook items or propose alternative items that would enable them to comply with the handbook once adopted. The reporting format was not ready for distribution to the Open-ended Working Group.

60. In accordance with the decision of the Open-ended Working Group, the drafts of the revised handbook and the draft framework for accounting were posted on the Ozone Secretariat web site. It was agreed that the Parties would make comments by the end of August 2004 and that the Secretariat would place a revised version of each document on the web site by the end of September 2004.

61. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the draft revised handbook and the accounting framework, as well as the reporting format submitted by TEAP, and take appropriate decisions.

Item 5: Consideration of issues related to the Multilateral Fund for the Implementation of the Montreal Protocol

Item 5(a): Evaluation and review of the financial mechanism of the Montreal Protocol (decision XV/47)

62. In accordance with paragraphs 2 and 3 of decision XV/47, a steering panel of six members (Algeria, Colombia, France, Japan, the Syrian Arab Republic and the United States of America) was set up to select a consultant to carry out an evaluation of the financial mechanism of the Montreal Protocol and supervise the evaluation process. The steering panel met four times between the time of its establishment and the twenty-fourth meeting of the Open-ended Working Group to select the firm to conduct the evaluation of the financial mechanism, to provide guidance to that firm, ICF, on its work on

the evaluation, to review progress on the work being carried out by ICF and to provide instructions on the process for the production of a draft report on the evaluation.

63. At the twenty-fourth meeting of the Open-ended Working Group, the chair of the steering panel provided a report on progress and ICF presented an initial draft of the evaluation report. After discussions and consultations, the Open-ended Working Group agreed to request ICF to complete its report taking into account those elements of the chair's report that were clearly within the original terms of reference agreed by the Parties.

64. The Secretariat has requested ICF to produce a final report by the end of September 2004 for distribution to all the Parties. Following the advice of the Steering Panel and the discussions by the Open-ended Working Group, the executive summary of the evaluation report will be translated into official languages of the United Nations.

65. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the final report on the evaluation of the financial mechanism and take appropriate decisions.

Item 5(b): Terms of reference for the study on the 2006 – 2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol

66. A decision by the Parties on the process and mechanism for replenishment of the Multilateral Fund for the period 2006–2008 needs to be taken in 2004, along with terms of reference for any studies that may be deemed necessary to facilitate the process.

67. At its twenty-fourth meeting, the Open-ended Working Group agreed to forward two draft decisions on this issue to the Sixteenth Meeting of the Parties. The first was introduced by the Netherlands, on behalf of 23 member States of the European Union, on terms of reference for the study on the replenishment. Several amendments to the draft were put forward by representatives. The draft decision, as amended during the meeting, is set out in part C of document UNEP/OzL.Pro.16/3. The second draft decision was introduced by Barbados, on behalf of the group of Latin America and Caribbean countries, and urged those non-Article 5 Parties that had never paid their contributions to the Multilateral Fund or had done so in an amount inferior to one annual contribution to pay them as soon as possible. The draft decision, as amended by the Working Group, is set out in part D of document UNEP/OzL.Pro.16/3.

68. France also introduced a proposal to address the need to give greater visibility to the efforts undertaken to protect the ozone layer; the increasingly strong interactions between issues of climate change and protection of the ozone layer; the need to strengthen and extend the strategic realignment of the Multilateral Fund; and the need to increase efficiency in the financing of ozone-depleting substance phase-out activities. After a debate on the proposal, it was agreed that France would be invited to reconsider its proposal in the light of comments made at the meeting and, if it deemed it appropriate, to amend it and to submit it for consideration by the Sixteenth Meeting of the Parties.

69. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the proposals and take appropriate decisions.

Item 5(c): Consideration of an amendment of paragraph 10 (k) of the terms of reference of the Executive Committee of the Multilateral Fund relating to the nomination and appointment of the Chief Officer of the Multilateral Fund Secretariat (decision XV/48)

70. In decision XV/48, the Meeting of the Parties decided to consider amending, at the Sixteenth Meeting of the Parties, the relevant provision of the terms of reference of the Executive Committee relating to the nomination and appointment of the Chief Officer, taking into account the proposals of the former Chair of the Executive Committee set out in the annex to that decision as well as those made by other Parties, and to request the Executive Committee to enter into consultations with the United Nations Secretariat and the Executive Director of the United Nations Environment Programme (UNEP) on the matter and report thereon to the Sixteenth Meeting of the Parties.

71. The Chair of the Executive Committee provided a progress report on the matter to the twenty-fourth meeting of the Open-ended Working Group. The Executive Committee had requested the Chair to continue her contacts with the United Nations, and to submit a report thereon to the Sixteenth Meeting of the Parties. A number of representatives at the Open-ended Working Group made comments, and further comments may be forthcoming in due course.

72. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the report of the Chair of the Executive Committee and take an appropriate decision.

Item 5(d): Need to ensure equitable geographical representation in the Executive Committee of the Multilateral Fund

73. At its twenty-fourth meeting, the Open-ended Working Group discussed a draft decision on amending paragraph 2 of the terms of reference of the Executive Committee to allocate a seat in the Executive Committee for the region of Eastern Europe and Central Asia. No agreement was reached on the draft decision, and the Open-ended Working Group decided to forward it in square brackets to the Sixteenth Meeting of the Parties for consideration. The draft decision is set out in part M of document UNEP/OzL.Pro.16/3.

74. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the proposal further and take an appropriate decision.

Item 6: Consideration of issues related to ratification, data reporting, compliance and international and illegal trade

Item 6(a): Data reporting under Article 7 of the Montreal Protocol

75. A report of the Secretariat on information provided by the Parties in accordance with Article 7 of the Montreal Protocol was prepared for the consideration of the Implementation Committee at its thirty-second meeting, held in Geneva on 17 and 18 July 2004. According to the report, considerable progress was made by the Parties in reporting outstanding data for base years as well as base line and annual data. Furthermore, the number of cases of non-compliance was falling, which is testimony to the efforts of the Parties to comply with their obligations under the Protocol. The Secretariat is preparing an updated and revised report taking into account the recommendations and guidance issued by the Implementation Committee at its thirty-second meeting. The updated report will contain data and information submitted by the Parties up to 8 October 2004 and will be placed before the Sixteenth Meeting of the Parties as document UNEP/OzL.Pro.16/4. The data report will be considered by the Implementation Committee at its thirty-third meeting, which will take place immediately prior to the Sixteenth Meeting of the Parties.

76. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the report as well as any recommendations emanating from the thirty-second and thirty-third meetings of the Implementation Committee on the report and take appropriate decisions.

Item 6(b): Status of ratification of the Convention, the Protocol and its amendments

77. Following the adoption of decision XV/1 on ratification of the ozone treaties, which the Secretariat conveyed to non-Parties to the Vienna Convention and the Montreal Protocol as well as the amendments to the Protocol, the number of Parties that have ratified the treaties from November 2003 to August 2004 has increased as follows:

- (a) The Vienna Convention: from 185 Parties to 189;
- (b) The Montreal Protocol: from 184 Parties to 188;
- (c) The London Amendment to the Protocol: from 166 Parties to 174;
- (d) The Copenhagen Amendment to the Protocol: from 154 Parties to 162;
- (e) The Montreal Amendment to the Protocol: from 107 Parties to 119;
- (f) The Beijing Amendment to the Protocol: from 57 Parties to 78.

78. Proposal for action: The Meeting of the Parties may wish 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.

Item 6(c): Report by the President of the Implementation Committee on non-compliance issues

79. The Implementation Committee held its thirty-second meeting in Montreal on 17 and 18 July 2004. The thirty-third meeting of the Committee will be held in Prague from 17 to 19 November 2004, immediately prior to the Sixteenth meeting of the Parties. The updated and revised data report prepared by the Secretariat as contained in UNEP/OzL.Pro.16/4 and other compliance issues will be considered.

80. The President of the Committee will report on the issues addressed and the outcome of the thirty-second and thirty-third meetings of the Implementation Committee and present the recommendations arising therefrom.

Item 6(d): Issues arising from the Implementation Committee*(i) Comments on the information on the implementation and operation of decision XV/3 received by the Secretariat pursuant to paragraph 3 of that decision*

81. In decision XV/3, the Parties decided that the term "State not party to this Protocol" in Article 4, paragraph 9 of the Protocol would not apply to those States operating under Article 5, paragraph 1, of the Protocol until January 1, 2016, but would include all other States and regional economic integration organizations that had not agreed to be bound by the Copenhagen and Beijing Amendments. Recognizing the practical difficulties that some Parties may face, the decision also excludes from the definition of the term "State not Party to this Protocol", for a temporary period ending with the conclusion of the Seventeenth Meeting of the Parties, any State that has by 31 March 2004:

(a) Notified the Secretariat that it intends to ratify, accede to or accept the Beijing Amendment as soon as possible;

(b) Certified that it is in full compliance with Articles 2, 2A to 2G and Article 4 of the Protocol, as amended by the Copenhagen Amendment;

(c) Submitted data on (i) and (ii) above to the Secretariat, to be updated on 31 March 2005.

82. The Secretariat sent reminder letters to non-Article 5 Parties that have not yet ratified the Copenhagen and the Beijing Amendments, requesting them to submit to the Secretariat, before 31 March 2004, information and data in accordance with decision XV/3. Information regarding the status of provision of information in accordance with decision XV/3 has been placed on the Ozone Secretariat website at: <http://www.unep.org/ozone> under the headings "Information for the Parties" and "Decisions".

83. In accordance with paragraph 3 of decision XV/3, the Implementation Committee considered the implementation and operation of the decision at its thirty second meeting and agreed to forward comments to the Sixteenth Meeting of the Parties. The comments of the Implementation Committee are contained in document (UNEP/OzL.Pro.16/9).

84. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the issue and take appropriate decisions.

(ii) Clarification of paragraph 7 of decision XIV/7

85. Paragraph 7 of decision XIV/7 on monitoring of trade in ozone-depleting substances provides in relevant part that quantities of illegally traded ozone-depleting substances should not be counted against a Party's consumption provided the Party does not place such quantities on its own market. This provision has generated a fair amount of confusion: some Parties have interpreted it to mean that quantities of illegally seized ozone-depleting substances cannot under any circumstances be released onto the domestic market, while others understand it to mean that quantities of seized ozone-depleting substances may be released onto the domestic market and consumed within the limits that each Party is permitted to consume.

86. The Implementation Committee addressed this issue at its meeting in July 2004 in the context of non-compliance with the Montreal Protocol by Nepal. The Committee recalled that the question of the interpretation of paragraph 7 of decision XIV/7, on the use of seized illegal ozone-depleting substances, had been raised at a meeting of the Open-ended Working Group. The Implementation Committee concluded that while it was its role to address all issues relating to compliance, it was only the Meeting of the Parties that could interpret or clarify its own previous decisions. The Committee therefore agreed to refer the interpretation of paragraph 7 of decision XIV/7 to the Meeting of the Parties.

87. Proposal for action: The Meeting of the Parties may wish to consider this issue and provide appropriate interpretation of decision XIV/7, paragraph 7.

(iii) *Recommendations on non-compliance with Protocol obligations*

88. A report on the thirty-second and the thirty-third meetings of the Implementation Committee will be provided by the President of the Committee under item 6(c) of the provisional agenda for the current Meeting.

89. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the report and the recommendations of the Implementation Committee on non-compliance with the Protocol obligations and take appropriate decisions.

Item 6(e): Monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances (decision XIV/7)

90. In paragraph 7 of decision XIV/7, the Secretariat was requested to collect any information on illegal trade received from Parties and to disseminate it to all Parties. The Secretariat was also requested to initiate exchanges with countries to explore options for reducing illegal trade in ozone-depleting substances.

91. The information received from Parties on illegal trade in ozone-depleting substances is contained in document UNEP/OzL.Pro.16/7. A summary of information on options for reducing illegal trade is contained in document UNEP/OzL.Pro.16/8.

92. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the information contained in the two documents and take appropriate action.

Item 6(f): Feasibility study on the development for a system for tracking international trade in ozone-depleting substances

93. The issue was first introduced at the Fifteenth Meeting of the Parties and re-introduced at the Twenty-fourth meeting of the Open-ended Working Group. A draft decision requested a study into the feasibility of developing a system of tracking trade in ozone-depleting substances, including trans-shipment, import, re-export and transit trade. After discussion, the Open-ended Working Group agreed to forward the draft decision, which is set out in part E of document UNEP/OzL.Pro.16/3, to the Sixteenth Meeting of the Parties.

94. At its twenty-fourth meeting, the Open-ended Working Group discussed a proposed draft decision aimed at ensuring that Parties exporting ozone depleting substances seek information from importing Parties on whether the importing companies possess valid licences and whether the quantities imported are within the importing Party's quota. After discussion, it was agreed that the proponent of the draft decision would consult with interested Parties before the Sixteenth Meeting of the Parties and submit a revised draft decision.

95. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the two issues further and take appropriate decisions.

Item 6(g): Situation of very low-volume consuming countries

96. At its twenty-fourth meeting, the Open-ended Working Group considered a draft decision intended to address the difficulties faced by very low-volume consuming countries. The draft decision would grant such countries flexibility to use methyl bromide in emergency circumstances to combat sporadic infestation in flour mills.

97. After discussion, the Open-ended Working Group agreed to forward the draft decision in square brackets to the Sixteenth Meeting of the Parties for its consideration. The draft decision is set out in part N of document UNEP/OzL.Pro.16/3.

98. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the draft decision and take appropriate decisions.

Item 7: Consideration of membership of various bodies in 2005**Item 7(a): Implementation Committee**

99. Pursuant to the non-compliance procedure adopted by the Fourth Meeting of the Parties and amended by the Tenth Meeting of the Parties, the Implementation Committee is to consist of 10 Parties elected for two years on the basis of equitable geographical distribution. Outgoing Parties may be re-elected for one consecutive term. In decision XV/13, the Fifteenth Meeting of the Parties confirmed the positions of Honduras, Italy, Lithuania, the Maldives and Tunisia for a further one year and selected Australia, Belize, Ethiopia, Jordan and the Russian Federation as members of the Committee for a two-year period from 1 January 2004. Tunisia is serving as President and Italy as Vice-President and Rapporteur of the Implementation Committee for one year effective 1 January 2004.

100. Proposal for action: The Sixteenth Meeting of the Parties may wish to select new members of the Implementation Committee to replace Honduras, Italy, Lithuania, Maldives and Tunisia or may wish to re-elect those countries and may also wish to confirm the positions of Australia, Belize, Ethiopia, Jordan and the Russian Federation for one further year. The Sixteenth Meeting of the Parties may also wish to take note of the President and Vice-President of the Committee elected to serve for one year effective 1 January 2005.

Item 7(b): Executive Committee of the Multilateral Fund

101. The terms of reference of the Executive Committee approved by the Fourth Meeting of the Parties requires the Executive Committee to consist of 14 members, seven from the group of Parties operating under Article 5, paragraph 1 of the Protocol, and seven from the group of Parties not so operating. Each group elects its Executive Committee members, who then must be formally endorsed by the Meeting of the Parties. The Chair and the Vice-Chair must be selected from the 14 Executive Committee members. The office of Chair is effective 1 January of the year in which the term of office commences and is subject to rotation, on an annual basis, between the Parties operating under paragraph 1 of article 5 and the Parties not so operating.

102. In decision XV/46, the Fifteenth Meeting of the Parties endorsed the selection of Austria, Belgium, Canada, Hungary, Japan, the United Kingdom of Great Britain and Northern Ireland and the United States of America as members of the Executive Committee representing non-Article 5 Parties to the Protocol, and the selection of Argentina, Bangladesh, China, Cuba, the Islamic Republic of Iran, Mauritius and Niger as members representing Article 5 Parties, for one year with effect from 1 January 2004.

103. Proposal for action: Non-Article 5 Parties may wish to select the members to represent them in the Executive Committee for 2005 as well as the Chair of the Committee for that year. The group of Parties operating under Article 5 may wish to select their seven representatives on the Committee and the Vice-Chair for 2004. The Sixteenth meeting of the Parties may wish to endorse the selected representatives and take note of the selected Chair and Vice-Chair of the Committee.

Item 7(c): Co-chairs of the Open-ended Working Group

104. In accordance with decision XV/55 of the Fifteenth Meeting of the Parties, Mr. Jorge Leiva (Chile) and Mr. Janusz Kozakiewicz (Poland) will serve as Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol in 2004.

105. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the chairmanship of the Open-ended Working Group in 2005 and endorse the selected Co-Chairs to serve in that capacity.

Item 8: Consideration of administrative issues

Item 8(a): Financial report on the Trust Funds for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer and the budget for the Montreal Protocol

106. The financial report on the Trust Funds for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer for the biennium 2002-2003 that ended on 31 December 2003 and expenditures for 2003 as compared to the approved budgets (UNEP/OzL.Pro.16/5) and the proposed budgets of the Secretariat (revised approved 2004 budget and proposed 2005 and 2006 budgets) (UNEP/OzL.Pro.16/6) will be placed before the Sixteenth Meeting of the Parties for consideration and approval.

107. Proposal for action: The Sixteenth Meeting of the Parties may wish to take note of the financial report and approve the budgets of the Montreal Protocol Trust Fund.

Item 8(b): Proposal to decide on the dates of the Meetings of the Parties three years in advance

108. In July 2004, the Ozone Secretariat received a letter from the European Commission proposing that the Parties decide on the dates of future Meetings of the Parties at least two or preferably three years in advance. The reasons provided included the difficulties in ensuring that proposals for adjustments and amendments are prepared and sent on time as well as the difficulties faced by TEAP in ensuring that its reports are published in a timely manner for the Parties. The European Community explained that it would not be able to hold coordination meetings in time to act on any advice in the TEAP reports related to adjustments or amendments if they arrived less than six months in advance of the Meeting of the Parties at which they would be discussed.

109. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the proposal and take an appropriate decision.

Item 9: Proposed adjustments and amendment of the Montreal Protocol by the European Community

110. The European Community, on behalf of the 25 member States of the European Union, submitted a proposal for an adjustment and a proposal for an amendment to the Montreal Protocol. The adjustment would introduce further interim reduction steps for methyl bromide for Article 5 Parties and the amendment would expedite the amendment of the Montreal Protocol.

111. At the twenty-fourth meeting of the Open-ended Working Group, at the time of consideration of the proposed amendment, a question was raised as to whether the date on which the proposal had been communicated to the Parties infringed the six-month rule for consideration of an adjustment or an amendment at a Meeting of the Parties. The Ozone Secretariat reported that the proposal had been placed on its web site during the weekend of 22 and 23 May, and a copy in English, exactly as received on 21 May, had been mailed to the Parties on 24 May. The versions of the document in the other official languages had been sent out on 28 May. On the same date, a new English version had been sent out, identical to the version of 24 May except for the addition of a document processing number at the bottom of the first page.

112. Some representatives considered that the distribution procedure described by the Executive Secretary had not happened promptly enough for the issue to be discussed at the Sixteenth Meeting of the Parties, the high-level segment of which would start on 25 November 2004, while other delegations reserved their position. Pending clarification of the legal and procedural situation, it was decided that the content of the proposal should be discussed at the current meeting in the form of an informal exchange of views.

113. Through a debate on the substance of the proposal and informal consultations, ways forward on the proposal were explored. It was proposed that the procedural and legal concerns would have to be addressed and that the item could be moved forward for informal discussion at the Meeting of the Parties. The European Community stated that it looked forward to continuing the discussions at the Sixteenth Meeting of the Parties in Prague, where it also envisaged organizing a side event at which further information could be provided.

114. The same procedural and legal question on the timing of the distribution of the proposal also applied to the adjustment proposed by the European Community. However, the Open-ended Working Group debated the substance of the proposal. In conclusion, the European Community thanked all representatives and expressed the hope that it would be possible to hold further discussions at the Sixteenth Meeting of the Parties, as that would be the last opportunity at which agreement could be reached before the replenishment of the Fund. The Open-ended Working Group agreed to take note of the proposal of the European Community.

115. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the proposals further as appropriate.

Item 3 of the high-level segment: Presentation by the Scientific Assessment Panel, the Environmental Effects Assessment Panel and the Technology and Economic Assessment Panels on their progress in 2004

116. The Co-Chairs of the Scientific, Environmental Effects and Technology and Economic Assessment Panels will make presentations to the Sixteenth Meeting of the Parties on any important new developments in the year 2004.

117. Proposal for action: The Sixteenth Meeting of the Parties may wish to take note of the progress reports of the Panels.

Item 4 of the high-level segment: Presentation by the Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

118. The Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol will present the report of the Committee (UNEP/OzL.Pro.16/10) to the Sixteenth Meeting of the Parties.

119. The decisions of the Executive Committee taken during the reporting period can be found in the reports of its meetings, copies of which were distributed to all Parties and are available on the web site of the Multilateral Fund: <http://www.unmfs.org/>.

120. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the report of the Executive Committee.

Item 5 of the high-level segment: Presentation by the representative of the Global Environment Facility

121. The Parties at their Fifteenth Meeting adopted decision XV/49, which requested the Council of the Global Environment Facility (GEF) to consider, on an exceptional basis, project proposals from South Africa on phasing out the controlled substance in Annex E for funding as per the conditions and eligibility criteria applicable to all countries eligible for such assistance under the Facility.

122. The Secretariat, following discussion of the issue at the twenty-third meeting of the Open-ended Working Group, held in Montreal in July 2003, sent an early communication to the GEF secretariat attaching a draft decision on the issue. The Secretariat then sent the final decision XV/49 on 19 November 2003 to the GEF secretariat. At the request of the GEF secretariat, the Ozone Secretariat then provided additional information in preparation for the GEF Council meeting.

123. The GEF Council considered the issue at its meeting of 19-21 May 2001, and agreed to provide project preparation financing (PDF B) to South Africa to develop a project proposal for phasing out methyl bromide, without prejudice to a later discussion and decision on financing the project. The Council noted that the provision of financing to South Africa was being done on an exceptional basis in recognition of the historical situation of South Africa and the importance to the global environment of phasing out methyl bromide. The Council firmly stressed that the decision should not be viewed as establishing a precedent.

124. The Parties at their Fifteenth Meeting also adopted decision XV/50 on continued assistance from GEF to countries with economies in transition and decision XV/51 on institutional strengthening assistance to countries with economies in transition.

125. In December 2003, the Secretariat sent a letter to the GEF secretariat communicating the two decisions.
126. A representative of the GEF secretariat may present a report on progress in the implementation of the above-mentioned decisions on GEF matters.
127. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the issue.

Item 6 of the high-level segment: Presentations by the representatives of the implementing agencies (the United Nations Development Programme, the United Nations Environment Programme, the United Nations Industrial Development Organization and the World Bank)

128. Representatives of implementing agencies under the Multilateral Fund of the Montreal Protocol, namely, the United Nations Development Programme, UNEP, the United Nations International Development Organization and the World Bank, will present reports on their activities under the Multilateral Fund.
129. Proposal for action: The Sixteenth Meeting of the Parties may wish to consider the reports of the implementing agencies.

Item 9 of the high-level segment: Dates and venue of the Seventeenth Meeting of the Parties to the Montreal Protocol

130. In 2005, the Seventeenth Meeting of the Parties may be held in conjunction with the seventh meeting of the Conference of the Parties to the Vienna Convention. No formal offer to host the meetings has been received by the Secretariat.
131. Proposal for action: In the light of the many environmental meetings scheduled for the second half of 2005, the Sixteenth Meeting of the Parties may wish to decide on the dates of the Seventeenth Meeting. Parties may also wish to consider hosting the two meetings.

Annex

Action taken on the decisions of the Fifteenth Meeting and the First Extraordinary Meeting of the Parties to the Montreal Protocol

I. Action taken on the decisions of the Fifteenth Meeting of the Parties to the Montreal Protocol

A. Decision XV/1 -- Ratification of the Vienna Convention for the Protection of the Ozone Layer, the Montreal Protocol on Substances that Deplete the Ozone Layer and the London, Copenhagen, Montreal and Beijing amendments

1. The Secretariat has been regularly sending out letters to non-Parties to the treaties, encouraging expeditious ratification. The Sixteenth Meeting of the Parties is expected to consider the status of ratification under item 6(b) of the provisional agenda for the preparatory segment. (See paragraphs 77 and 78 in the main body of the current document.)

B. Decision XV/2 -- Production for basic domestic needs

2. The Sixteenth Meeting of the Parties is expected to consider the issue under item 3(b) of the provisional agenda of the preparatory segment. (See paragraphs 18 to 20 in the main body of the current document.)

C. Decision XV/3 -- Obligations of Parties to the Beijing Amendment under Article 4 of the Montreal Protocol with respect to hydrochlorofluorocarbons

3. The Sixteenth Meeting of the Parties is expected to consider the issue under item 6(d)(i) of the provisional agenda of the preparatory segment. (See paragraphs 81 to 84 in the main body of the current document.)

D. Decision XV/4 -- Essential use nominations for non-Article 5 Parties for controlled substances for 2004 and 2005

4. The Sixteenth Meeting of the Parties is expected to consider the issue under agenda item 3(a)(i) of the provisional agenda of the preparatory segment. (See paragraphs 6 to 9 in the main body of the current document.)

E. Decision XV/5 -- Promoting the closure of essential-use nominations for metered-dose inhalers

5. Among other things, this decision requested the Secretariat to post on its web site all data submitted pursuant to decision XIV/5 designated non-confidential by submitting Parties. The Secretariat wrote to all Parties informing them of the requirements of decision XV/5. The Secretariat further wrote to those Parties that had already submitted information in accordance with decision XIV/5, requesting them to confirm if the information they had submitted could be posted on the web in accordance with decision XV/5.

6. A total of 16 Parties responded to the two letters, with one Party indicating that all its information was confidential and could not be posted. The remaining 15 Parties either re-submitted their information with designations of which information was non-confidential or indicated that the previously submitted information could be posted on the web site. In total, 46 Parties and one non-Party have submitted information pursuant to decision XIV/5. This includes information for 61 Parties and one non-Party, since the European Community reported on behalf of all its member states at the time. Information submitted electronically has been posted on the secretariat web site. The rest of the information is currently being captured electronically, and will be posted on the web site upon completion of the exercise.

7. In paragraph 9 of decision XV/5, the Parties requested TEAP to modify the handbook on essential use nominations to reflect that decision. The recommendation of TEAP and ATOC contained in the 2004 progress report of TEAP is that the handbook on essential use nominations need not be modified at the current stage. The reasons given include the complexity of pharmaceutical supply chains and distribution networks, the difficulty in projecting future use and the problems associated with confidential information. TEAP and ATOC suggest that ATOC revisit the issue at its 2005 meeting and report back on what information may be most useful to Parties in deciding the quantities and timelines for the final phase-out of CFC-based metered-dose inhalers.

F. Decision XV/6 -- List of uses of controlled substances as process agents

8. Decision XV/6 revised table A of decision X/14. No action was required of the Secretariat. The Parties should be using the approved list when they consider process agent use in their countries for exemption from the definition of “controlled substance” under paragraph 4 of Article 1 of the Montreal Protocol.

G. Decision XV/7 -- Process agents

9. The Sixteenth Meeting of the Parties is expected to consider the issue under item 3(d) of the provisional agenda of the preparatory segment. (See paragraphs 24 to 26 in the main body of the current document.)

H. Decision XV/8 -- Laboratory and analytical uses

10. In paragraph 2 of decision XV/8, the Parties requested TEAP to report annually on the development and availability of laboratory and analytical procedures that can be performed without using the controlled substances in annexes A, B and C (group II and group III substances) of the Montreal Protocol. The decision was communicated to TEAP.

11. In its 2004 progress report, TEAP states that the assessment of the development and availability of laboratory and analytical procedures will be among the issues to be taken up by the new chemical technical options committee. The twenty-fourth meeting of the Open-ended Working Group decided to wait for the completion of the work by TEAP and the chemical technical options committee.

12. On the issue of laboratory and analytical uses, TEAP, in its progress report of last year (May 2003), re-stated its suggestion that the Parties may wish to consider holding a workshop on the elimination of controlled substances in laboratory and analytical uses. Such a workshop could review the new methods that have enabled the phase-out of such uses as are defined under decision XI/15 so as to assist Parties, especially Article 5 Parties, to revise their analytical standards and thereby eliminate the use of ozone-depleting substances. The workshop could also identify remaining uses of controlled substances and their potential substitutes with a view to expediting the incorporation of new analytical methods into national and international standards. The Secretariat has encouraged TEAP to develop a concrete proposal on this activity so that necessary funds may be raised to implement the activity. TEAP is considering working on the proposal.

I. Decision XV/9 -- Status of destruction technologies for ozone-depleting substances and code of good housekeeping

13. No action was required of the Secretariat. Parties that operate, or plan to operate, approved technologies are expected to do so in accordance with this decision.

J. Decision XV/10 -- Handling and destruction of foams containing ozone-depleting substances at the end of their life

14. In decision XV/10, TEAP was requested to provide in its April 2005 report updated useful information on the handling and destruction of thermal insulation foams, including thermal foams situated in buildings, containing ozone-depleting substances, with particular attention to economic and technological implications; and to clarify the distinction between the destruction efficiency achievable for ozone-depleting substances recovered from foams prior to destruction (re-concentrated) and the destruction efficiency achievable for foams themselves containing ozone-depleting substances (dilute source). The decision was communicated to TEAP.

15. In accordance with the decision, TEAP is expected to provide updated information and clarification on the issue of destruction of thermal insulation foams containing ozone-depleting substances in its April 2005 report.

K. Decision XV/11 -- Plan of action to modify regulatory requirements that mandate the use of halons on new airframes

16. The Sixteenth Meeting of the Parties is expected to consider progress on the implementation of this decision under item 3(c) of the provisional agenda of the preparatory segment. (See paragraphs 21 to 23 in the main body of the current document.)

L. Decision XV/12 -- Use of methyl bromide for the treatment of high-moisture dates

17. In accordance with this decision, the Implementation Committee and the Secretariat will defer their consideration of the compliance status of countries that use over 80 per cent of their consumption of methyl bromide on high-moisture dates until two years after the Technology and Economic Assessment Panel formally finds that there are alternatives to methyl bromide that are available for high-moisture dates, so long as the countries do not increase their consumption of methyl bromide on other products beyond 2002 levels and they have noted their commitment to using the least amount of methyl bromide necessary to ensure effective control of pests affecting dates. The Executive Committee is also expected to consider appropriate demonstration projects for alternatives on high-moisture dates and to ensure that the results of those projects are shared with TEAP.

M. Decision XV/13 -- Membership of the Implementation Committee

18. The focal points of the Parties elected to the Implementation Committee were notified of their election and requested to forward to the Secretariat the name(s) of their representatives to the Committee for the next two years.

N. Decision XV/14 -- Data and information provided by the Parties in accordance with Article 7 of the Montreal Protocol and Decision XV/15 -- Earlier reporting of consumption and production data

19. The secretariat sent out letters to all Parties reminding them to report early and drawing their attention to decision XV/15, which encouraged Parties to report data as soon as figures were available, preferably by 30 June of each year. By 6 September 2004, 123 Parties had reported data for 2003, while 63 Parties had reported data by 7 June 2004. The data reported by 7 June 2004 were considered by the Implementation Committee at its meeting on 17 and 18 July 2004, and the committee's recommendations, contained in its report, were circulated to all Parties.

20. The secretariat will prepare an updated report on data submitted in accordance with Article 7, and this information will be presented before the Sixteenth Meeting of the Parties. The thirty-third meeting of the Implementation Committee will consider the data report immediately prior to the Sixteenth Meeting of the Parties and present its recommendations as appropriate.

O. Decisions XV/16 to XV/45 -- Non-compliance with the Montreal Protocol

21. Decisions XV/16 to XV/45 relate to non-compliance with the Montreal Protocol. All of these decisions, including decision XV/19 on the methodology for submission of requests for revision of baseline data, were referred to the Parties concerned. The Implementation Committee reviewed the status of implementation of these decisions at its meeting in July 2004 and will hold another meeting immediately prior to the Sixteenth Meeting of the Parties in November 2004. The recommendations of the Committee arising out of its two meetings will be presented to the Sixteenth Meeting of the Parties.

P. Decision XV/46 -- Membership of the Executive Committee of the Multilateral Fund

22. The decision was referred to the Multilateral Fund secretariat for necessary action. The selected members are expected to serve on the Executive Committee starting with the forty-second meeting of the Executive Committee, which took place in Montreal from 29 March to 2 April 2004.

Q. Decision XV/47 -- Terms of reference for a study on the management of the financial mechanism of the Montreal Protocol

23. The Sixteenth Meeting of the Parties is expected to consider the issue under item 5(a) of the provisional agenda of the preparatory segment. (See paragraphs 62 to 65 in the main body of the current document.)

R. Decision XV/48 -- Decision on the report of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

24. The Sixteenth Meeting of the Parties is expected to consider the issue under item 5(c) of the provisional agenda of the preparatory segment. (See paragraphs 70 to 72 in the main body of the current document.)

S. Decision XV/49 -- Application for technical and financial assistance from the Global Environment Facility by South Africa; Decision XV/50 -- Continued assistance from the Global Environment Facility to countries with economies in transition and Decision XV/51 -- Institutional strengthening assistance to countries with economies in transition

25. It is expected that a representative of the GEF secretariat will report on progress on the implementation of the three decisions under item 5 of the provisional agenda of the high-level segment. (See paragraphs 121 to 127 in the main body of the current document.)

T. Decision XV/52 -- Financial matters: financial reports and budgets

26. The Sixteenth Meeting of the Parties is expected to consider the financial reports and budgets under item 8(a) of the provisional agenda of the preparatory segment. (See paragraphs 106 and 107 in the main body of the current document.)

27. The following matters will also be placed before the Sixteenth Meeting of the Parties for its consideration:

(d) (a) In accordance with paragraph 7 of decision XV/52, the Secretariat approached the appropriate United Nations authorities in April 2004 to seek a reduction of the standard rate of programme support costs to be charged to the provision of \$500,000 for the external study of the financial mechanism. The outcome will be communicated to the Sixteenth Meeting of the Parties;

(e) (b) Pursuant to paragraph 156 of the report of the Fifteenth Meeting of the Parties to the Montreal Protocol, the Secretariat researched into the practice of contributions to other multilateral environmental agreements. The proposal by the Secretariat on which United Nations scale of contribution should be adopted in the ensuing fiscal years of the Trust Fund will be prepared for the Sixteenth Meeting of the Parties.

U. Decision XV/53 -- Terms of reference for the Scientific Assessment Panel, the Environmental Effects Assessment Panel and the Technology and Economic Assessment Panel

28. This decision was communicated to the three assessment panels. The panels will use the terms of reference when preparing their assessment reports for submission to the Secretariat by 31 December 2006 for consideration by the Open-ended Working Group and by the Nineteenth Meeting of the Parties to the Montreal Protocol, in 2007.

V. Decision XV/54 -- Categories of assessment to be used by the Technology and Economic Assessment Panel when assessing critical uses of methyl bromide

29. In accordance with this decision, MBTOC held a special meeting from 10 to 12 February 2004 to evaluate the "noted" categories of critical use exemptions, and TEAP met on 13 and 14 February to finalize the report on the issue. The report was issued and sent to the Parties, and was also posted on the Ozone Secretariat web site. The report was considered by the Extraordinary Meeting of the Parties and was the basis for decision Ex.I/3.

W. Decision XV/55 -- Co-chairs of the Open-ended Working Group of the Parties to the Montreal Protocol

30. The Secretariat notified the two Co-Chairs of their selection. The Co-Chairs will serve this year, and started with the twenty-fourth meeting of the Open-ended Working Group, which was held from 13 to 16 July 2004 in Geneva.

X. Decision XV/56 -- Extraordinary Meeting of the Parties

31. In accordance with decision XV/53, an Extraordinary Meeting of the Parties was convened in Montreal from 24 to 26 March 2004. The report of the meeting is available as document UNEP/OzL.Pro.ExMP/1/3.

Y. Decision XV/57 -- Sixteenth Meeting of the Parties to the Montreal Protocol

32. In accordance with the decision, the Sixteenth Meeting is being held in Prague from 22 to 26 November 2004.

II. Action taken on the decisions of the First Extraordinary Meeting of the Parties to the Montreal Protocol

A. Decision Ex.I/1. Further adjustments relating to the controlled substance in Annex E

33. In decision Ex.I/1, the Parties decided to keep under review the interim reduction schedule elaborated during the Fifteenth Meeting of the Parties and to consider, preferably by 2006, further specific interim reductions in methyl bromide applicable to Article 5 Parties. The European Community has submitted a proposal for adjustment of the Montreal Protocol for consideration by the Sixteenth Meeting of the Parties.

34. The proposal was discussed at the twenty fourth meeting of the Open-ended Working Group. The Sixteenth Meeting of the Parties may wish to consider the issue further under item 9 of the provisional agenda for the preparatory segment. (See paragraphs 110 to 115 of the main body of the current document.)

B. Decision Ex.I/2. Accelerated phase-out of methyl bromide by Article 5 Parties

35. In decision Ex.I/2, the Executive Committee is requested, under certain conditions, to adopt a flexible approach in the implementation of early phase-out agreements for methyl bromide and to consider prolonging the final reduction step under such agreements, but not beyond 2015. The Executive Committee is also requested to adopt criteria for prolonging accelerated phase-out agreements. The Executive Committee is expected to implement the decision.

C. Decision Ex.I/3. Critical-use exemptions for methyl bromide for 2005

36. Critical use exemptions were adopted under decision Ex.I/3. Paragraph 6 of the decision takes note of a draft decision proposed by the United States of America on multi-year exemptions. Specifically, the decision would provide that, when the Meeting of the Parties has granted a critical-use exemption for methyl bromide and a level of production and consumption for a particular Party for 2005 only, that Party shall be entitled to request exemptions also for 2006 and 2007 (as well as a supplementary request for 2005, if applicable). The decision would also provide for the elaboration of criteria and a methodology for authorization of multi-year exemptions, which should be considered by the Sixteenth Meeting of the Parties.

37. The twenty-fourth meeting of the Open-ended Working Group will consider the issue and the Sixteenth Meeting of the Parties is expected to deliberate on the issue further under item 4(a)(i) of the provisional agenda of the preparatory segment. (See paragraphs 27 to 30 of the main body of the current document.)

D. Decision Ex.I/4. Conditions for granting and reporting critical-use exemptions for methyl bromide

38. In decision Ex.I/4, elements of conditions for granting and reporting critical-use exemptions for methyl bromide were adopted. The following issues are due to be considered by the twenty-fourth meeting of the Open-ended Working Group:

(a) In decision Ex.I/4, paragraph 9 (g), TEAP was requested to provide, in consultation with interested Parties, a format for the Parties to report on their critical-use exemptions, based on annex I to the report of the Extraordinary Meeting. In paragraph 9 (f) of the same decision, TEAP was requested to recommend an accounting framework which the Parties could use for reporting on quantities of methyl bromide produced, imported and exported under the terms of approved critical use exemptions. The decision provides for the reporting format and the accounting framework to be considered by the Sixteenth Meeting of the Parties for adoption, and for the approved accounting framework to be submitted by the relevant Party together with its critical-use nomination using the agreed format. TEAP is currently working on the preparation of the accounting framework and the format for reporting. These will be made available several weeks before the twenty-fourth meeting of the Open-ended Working Group for its consideration;

(b) In 2002, MBTOC prepared a handbook on critical-use nominations for methyl bromide pursuant to decision XIII/11 and revised it in August 2003 in response to the experience gained during the consideration of nominations submitted by the Parties in early 2003. In paragraph 9 (k) of decision Ex.I/4, TEAP was requested to modify the handbook to reflect the new provisions included in decision Ex.I/4 for consideration by the Sixteenth Meeting of the Parties. TEAP and MBTOC are currently working on the modification of the handbook. The revised version will be made available in early June 2004.

E. Decision Ex.I/5. Review of the working procedures and terms of reference of the Methyl Bromide Technical Options Committee

39. In decision Ex.I/5, the Parties agreed to establish a process to review MBTOC working procedures and terms of reference as they relate to the evaluation of nominations for critical-use exemptions. Paragraph 2 of the decision details the elements and issues that the review is to cover. In paragraph 3, the Parties decided to establish to that end an ad-hoc working group which would meet for three days immediately prior to the twenty-fourth meeting of the Open-ended Working Group and report its findings and recommendations to that meeting.

40. In paragraph 6 of the same decision, the Open-ended Working Group was requested to formulate at its twenty-fourth session recommendations for the consideration and approval of the sixteenth Meeting of the Parties and to identify which elements, if any, could be used on an interim basis pending the approval of the Sixteenth Meeting of the Parties.

41. The ad hoc working group met from 10 to 12 July 2004 in Geneva, and the outcome of the meeting was presented at the twenty-fourth meeting of the Open-ended Working Group. The Open-ended Working Group established a contact group to continue work on the issue. After discussing the progress made, the Open-ended Working Group decided to reconvene the ad hoc working group in conjunction with the Sixteenth Meeting of the Parties. The outcome of the second meeting of the ad hoc working group is expected to be discussed by the Sixteenth Meeting of the Parties under item 4(b) of the provisional agenda for the preparatory segment. (See also paragraphs 48-51 of the main body of the current document.)
