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**Open-ended Working Group of the Parties to  
the Montreal Protocol on Substances that  
Deplete the Ozone Layer**  
Twenty-fourth meeting  
Geneva, 13–16 July 2004

## Summary of the issues on the agenda

### Note by the secretariat

#### Introduction

1. The present note provides a background summary of issues for discussion by the Open-ended Working Group of the Parties to the Montreal Protocol at its twenty-fourth meeting on the issues related to items 3–13 of the provisional agenda\*. Recommendations made by the Working Group on the agenda items will be submitted to the Sixteenth Meeting of the Parties to the Montreal Protocol, to be held in Prague from 22 to 26 November 2004.

#### **A. Item 3: Consideration of the 2004 progress report of the Technology and Economic Assessment Panel**

2. Items 3 (a)-(l) of the provisional agenda are issues addressed in the 2004 progress report of the Technology and Economic Assessment Panel (TEAP) and are summarized in the present note. The Panel's 2004 progress report, which was communicated to all Parties in June 2004, contains valuable information and suggestions not repeated in the present document; accordingly, the Parties may wish to study the full progress report.

##### **1. Item 3 (a): Nominations by Parties for essential-use exemptions for controlled substances (decision IV/25, paragraph 6)**

3. 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

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\* UNEP/OzL.Pro/WG.1/24/1/Rev.1.

assessment of essential-use nominations, the TEAP Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee (ATOC) assessed the nominations.

4. A summary of the nominations and recommendations by TEAP and ATOC is provided in the table below:

**Table: Essential-use nominations for 2005-2008 and recommendations by TEAP for consideration by the Open-ended Working Group at its twenty-fourth meeting (in metric tonnes)**

Party	2005		2006		2007		2008	
	Nominated	Recommended for approval	Nominated	Recommended for approval	Nominated	Recommended for approval	Nominated	Recommended for approval
European Community	-	-	550	550	-	-	-	-
Poland	4.2	A	4.2	A	4.2	A	4.2	A
Russian Federation			286	B	243	B	-	-
Ukraine	53.1	53.1	-	-	-	-	-	-
United States of America	-	-	1,900	1,900	-	-	-	-

Notes: Comments made by TEAP on the nominations that they were unable to recommend for approval:

- A: Poland already has an approved exemption for 2005 for 230 tonnes. The nomination of 4.2 tonnes is for one corticosteroid MDI product indicated for asthma and it appears to be additional to the Polish nomination made in 2003 for 2005 and for a different product and a different company. Data submitted to support the nomination for 2005 and 2006 were incomplete and TEAP and ATOC are unable to recommend the nomination for approval. TEAP and ATOC are unable to recommend volumes for 2007 and 2008 at this year's meeting. It is further noted that Poland is due to join the European Union in May 2004, and therefore the requested volumes may be addressed within the European Community's essential use processes.
- B: TEAP is unable to recommend the nomination because it was received by the United Nations Environmental Programme (UNEP) after the submission deadline. ATOC recommends exemption for 2006 but with review of quantities in 2005. TEAP and ATOC are unable to recommend exemption for 2007. The nomination was received by the Ozone Secretariat on 24 March 2004, which was seven weeks after the deadline date of 31 January 2004 and one week after the ATOC meeting of 17-19 March 2004. ATOC did, however, consider an unofficial copy of the nomination, which was hand-delivered to ATOC during its meeting. The CFCs requested are only for the production of salbutamol CFC MDIs. ATOC suggests that the Parties request additional data to enable a review of the appropriateness of the volumes recommended for 2006 during ATOC deliberations in 2005. Furthermore, ATOC has not received a transition strategy for the Russian Federation. ATOC notes that CFC usage has been increasing while nominated quantities have been declining. ATOC also notes with concern the relatively high proportion of CFCs reportedly released during manufacture. This would result in emissions of over 60 tonnes of CFCs in 2006 and technically could be reduced with improved manufacturing practice. ATOC is unable to recommend volumes for 2007 at this year's meeting. In a letter accompanying the nomination, the Russian Federation declared its intention to cease use of ODS in this sector in 2008-2009.
5. TEAP and ATOC noted that the accounting framework reports the Party's stockpile, which can be contrasted with annual use, but does not report whether individual companies hold sufficient but not excessive stockpiles. Under decision IV/25, production and consumption of a controlled substance for an essential use should be permitted only if "the controlled substance is not available in sufficient quantity and quality from existing stocks of banked or recycled controlled substances ...". Management of the Party's stockpile may be dependent on knowledge of the individual holdings of various companies. TEAP and ATOC suggest that the Parties may wish to consider options to redistribute available stockpiles among users.

6. TEAP and ATOC have made other observations during the evaluation of the essential use nominations. Some of their key observations include the following:

- (a) Decision XIV/5 requests Parties to provide information by active ingredient, brand or manufacturer, and source. The European Commission provided this data, but it has not proved useful to

ATOC in assessing nominations. For example, based on this historical information, ATOC is not able to assess the appropriateness of many different drugs exported to many different countries worldwide;

(b) Decision VIII/10 states that “Parties not operating under Article 5 will request companies applying for MDI essential use exemptions to demonstrate ongoing research and development of alternatives to CFC MDIs with all due diligence and/or to collaborate with other companies with such efforts...”. One nominating Party stated that “all companies reformulating their MDIs to be CFC-free submitted information... demonstrating their ongoing research and development of alternatives to CFC MDIs. Those companies that will discontinue the sale of their CFC products have indicated that they will not reformulate their MDIs”. ATOC has assumed that a lack of demonstrated research and development is not an absolute prohibition to recommending essential use volumes. Parties may therefore wish to clarify decision VIII/10;

(c) Parties are reminded that nominations and accompanying accounting frameworks must be submitted according to the timetable set out in decisions V/18 and VIII/9. In 2004, a nomination was submitted long after the designated deadline, which adversely affected the evaluation and report writing processes.

7. The Working Group may wish to consider the conclusions and recommendations of TEAP and ATOC and make appropriate recommendations to the Meeting of the Parties.

**2. Item 3 (b): Modification of the handbook on essential use nominations (decisions XII/2, paragraph 10, and XV/5, paragraph 9)**

8. In paragraph 9 of decision XV/5 on promoting the closure of essential-use nominations for MDIs, the Parties requested TEAP to modify the handbook on essential use nominations to reflect that decision.

9. TEAP and ATOC are unable to implement the instructions of the Parties at this time. The reasons given in the 2004 TEAP progress report 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 issues 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 MDIs.

10. The Working Group may wish to consider the conclusions and suggestions of TEAP and ATOC and make appropriate recommendations to the Meeting of the Parties.

**3. Item 3 (c): Nominations for critical use exemptions for methyl bromide (decisions IX/6, paragraph 2, and XIII/11)**

11. 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. The Methyl Bromide Technical Options Committee (MBTOC) met from 28 to 31 March 2004 in Montreal on the initial evaluation of the 2004 nominations. At its annual meeting, TEAP commenced its review of the Committee’s progress on the evaluation of the nominations and subsequently completed it by e-mail.

12. Each nomination is being evaluated and recommendations are being made in accordance with paragraph 7 of decision Ex.I/5 of the Extraordinary Meeting of the Parties held in Montreal from 24 to 26 March 2004 (i.e., to assess the nominations as “recommended”, “not recommended” or “unable to assess”) and with other relevant guidelines provided to MBTOC by the Parties. MBTOC is currently formulating the questions on the nominations categorized as “unable to assess” in order to request the necessary clarifications or additional information from the nominating Parties. The questions will be communicated during early June 2004 to the relevant Parties through the Ozone Secretariat.

13. The interim report of TEAP and MBTOC on the critical use nominations will be available, in accordance with the instruction of the Parties, before the twenty-fourth meeting of the Open-ended Working Group.

**4. Item 3 (d): Annual update on the use and emission of n-propyl bromide (decision XIII/7, paragraph 3)**

14. In paragraph 3 of decision XIII/7, the Parties requested TEAP to report annually on the use and emissions of n-propyl bromide. In its 2004 progress report, the Panel states that the annual update of information on n-propyl bromide will be among the issues to be taken up by the new Chemical Technical Options Committee, which is currently being constituted (see paragraph 34 below.)

15. The Working Group may wish to take note of current efforts by TEAP in its restructuring process and make recommendations as appropriate.

**5. Item 3 (e): Assessment of the portion of the refrigeration service sector made up by chillers and identification of incentives and impediments to the transition to non-CFC equipment (decision XIV/9)**

16. In decision XIV/9, the Parties requested TEAP to collect data and assess the portion of the refrigeration service sector made up by chillers and identify incentives and impediments to the transition to non-CFC equipment and to submit a report to the Open-ended Working Group at its twenty-third meeting. By the time the twenty-third meeting of the Open-ended Working Group took place last year, substantial progress had been made by TEAP but the work on this issue had not been completed. TEAP suggested that its report be submitted to the Open-ended Working Group at its twenty-fourth meeting. The report of the Chiller Task Force of TEAP has been completed and distributed to the Parties in June 2004 together with the Panel's 2004 progress report.

17. The report of the Chiller Task Force presents an overview of the different types of chillers and their range in capacity, including details on centrifugal, screw, scroll, reciprocating and absorption chillers. Three options for minimizing emissions have also been identified. Some key issues and conclusions of the report are summarized below:

(a) Today's average chillers use about 35 per cent less electricity than average chillers produced just two decades ago and the best chiller today uses half the electricity of the average 1976 chiller;

(b) The total number of chillers installed in Article 5 Parties is estimated to be about 20,000. The CFC centrifugal chillers in the Article 5 Parties are assumed to consume – or emit – about 1,500 tonnes of CFCs per year (with sometimes higher estimates in the report mentioned above, at more than 2,200 tonnes). This would amount to less than 2-3 per cent of the total CFC consumption in the Article 5 Parties;

(c) Impediments for the transition out of CFC chillers include cost issues, lack of information at the decision making level, uncertainty about the future, national energy policies, obstacles for decision making, perceived risks, etc.;

(d) Incentives for the transition include economic payback issues, performance contracting, training programmes, government incentives, revolving fund possibilities, policy support, building programmes for energy efficiency, financial rewards, etc.;

(e) Three programmes for the replacement of CFC chillers in Mexico, Thailand and Turkey have provided valuable information and are helping in further developing the global chiller replacement programmes. In evaluating the programmes and designing new programmes, it also needs to be taken into account that by recovering CFC from dismantled CFC chillers, the CFC will be available for longer time for the servicing of remaining chillers. It should also be considered that a larger number of CFC-based chillers might now be between 20 and 30 years old and will be replaced by the owners over the coming years. Hence a good recovery programme might allow the recovery of CFC for servicing of remaining chillers and the phase-out of the total inventory of CFC-based chillers in countries might take place over a longer period. As shown through the three programmes, energy savings constitute the major incentive for replacement;

(f) Three case studies for Brazil, China and India describe the composition of the centrifugal chiller market, the CFC inventories, the emissions and the servicing needs compared to the total servicing needs for refrigeration;

(g) Several project proposals have been investigated regarding the number of chillers in a country, the annual servicing needs, and the percentage constituted by such needs of the total needs for servicing;

(h) It seems justifiable to assume that 5–10 per cent of the total consumption for the refrigeration servicing needs of an Article 5 country is needed for chiller servicing. This will depend on the infrastructure of the country, the climate, the infrastructure (different subsector sizes) for refrigeration servicing, the practices applied by servicing personnel, etc. It should be emphasized that these figures are valid for the years 2001–2002, and it is likely that percentages will change substantially if servicing of other subsectors will be addressed, whilst chiller programs remain on the shelf. On the other hand, a change in servicing practices and transition to non-CFC chillers (replacements) may reduce the percentage of servicing needs devoted to chillers;

(i) In the near future, replacement programmes may – and will – continue, but these will certainly not be able to replace all CFC centrifugal chillers within a short period. A management plan per country would be needed, in which:

- (i) The inventory of the existing CFC chillers is given;
- (ii) The impact of an improvement in servicing practices, as well as the impact of recovery (and recycle) is given;
- (iii) The replacement policy and the impact on the number of remaining CFC chillers is described;
- (iv) The amount of refrigerant is calculated which will become available from the dismantling of chillers for maintaining in operation a certain number of existing CFC chillers;
- (v) A calculation is made whether or not CFC-11 or CFC-12 would be available from other sources; if not, the recovery and recycling of refrigerant from dismantled chillers would be enough to keep certain amounts of centrifugal chillers in operation. If this proves not to be the case, a country may consider changing the replacement rate, or consider the stockpiling of certain amounts of CFCs in order to keep certain CFC centrifugal chillers in operation for a certain minimum period.

18. The Working Group may wish to consider the findings of the Chiller Task Force and make appropriate recommendations.

**6. Item 3 (f): Assessment of 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)**

19. 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 availability of the needed supply and present its 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 meeting of the Open-ended Working Group, but will publish its findings at least six weeks prior to the Sixteenth Meeting of the Parties.

**7. Item 3 (g): Potential impacts of the phase-out of CFCs in Parties not operating under paragraph 1 of Article 5 on the availability of affordable inhaled therapy in Parties operating under paragraph 1 of Article 5 (decision XV/5, paragraph 7)**

20. In paragraph 7 of decision XV/5, the Parties requested TEAP to report, in time for the twenty-fourth meeting of the Open-ended Working Group, on the potential impacts of the phase-out of CFCs in Parties not operating under paragraph 1 of Article 5 on the availability of affordable inhaled therapy in Parties operating under paragraph 1 of Article 5.

21. In its 2004 progress report, TEAP concluded that the phase-out of CFC-containing MDIs in non-Article 5 Parties does not have a significant impact on treatment availability in Article 5 Parties. For local manufacturers of CFC MDIs in Article 5 Parties, there would be a need for the transition to be managed actively to ensure that access to components that are required to manufacture CFC MDIs is uninterrupted. Capital cost might be a barrier to conversion to non-CFC technologies for some local manufacturers, but not necessarily to overall transition within an Article 5 Party.

22. The Working Group may wish to consider the report and conclusions of TEAP and make recommendations as appropriate.
- 8. Item 3 (h): Review of requests for consideration of specific uses against decision X/14 criteria for process agents (decision XV/7, paragraph 3)**
23. 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 states that the review of requests on process agents will be among the issues to be taken up by the new Chemical Technical Options Committee, which is currently being constituted (see paragraph 34 below).
24. The Working Group may wish to take note of current efforts by TEAP in its restructuring process and make recommendations as appropriate.
- 9. Item 3 (i): Assessment of the development and availability of laboratory and analytical procedures that can be performed without using the controlled substances in Annex A, B and C (group II and III substances) of the Protocol (decision XV/8, paragraph 2)**
25. 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 Protocol. 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, which is currently being constituted (see paragraph 34 below).
26. The Working Group may wish to take note of current efforts by TEAP in its restructuring process and make recommendations as appropriate.
- 10. Item 3 (j): 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))**
27. In paragraph 4 of decision XI/13, the Parties requested TEAP to evaluate the technical and economic feasibility of alternative treatments and procedures that can 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.
28. The Panel 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. The Panel further noted that a survey had been commissioned by the European Community that 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.
29. The Working Group may wish to note the status of this issue.
- 11. Item 3 (k): Development of a timely plan of action to enable consideration of the possibility that modifying the regulatory requirement that mandate the use of halons on new airframes may be feasible without compromising the health and safety of airline passengers (decision XV/11)**
30. In decision XV/11, the Parties authorized the representatives of the Ozone Secretariat and TEAP to engage in discussions with the relevant International Civil Aviation Organization (ICAO) bodies in the development of a timely plan of action to facilitate consideration of the possibility that modifying the regulatory requirements that mandate 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.
31. The Ozone Secretariat arranged meetings with ICAO in March 2004. Elements of a possible action plan were discussed. As reported in the Panel's 2004 progress report, the Halons Technical Options Committee (HTOC) plans to assemble further background information on alternatives to halon fire-extinguishing systems on aircraft for ICAO. Further meetings are being planned for HTOC experts to meet with ICAO representatives. Meetings will also be arranged with the International Air Transport

Association (IATA) this year. As requested in decision XV/11, progress on this issue will be further reported to the Sixteenth Meeting of the Parties.

**12. Item 3 (I): Other issues arising out of the Panel's 2004 progress report**

**(a) Confidentiality issues**

32. TEAP makes arrangements to protect the confidentiality of information that a submitting Party deems confidential. The Panel considered more formal arrangements for dealing with the confidentiality issue in future and makes the following suggestions:

(a) The Meeting of the Parties may wish to request all Parties to specify if any part of the information given by them is confidential and to send such information through registered mail services rather than through email since there will be possibility of hacking or accidental distribution through computers;

(b) The Meeting of the Parties may wish to amend the terms of reference of TEAP appropriately:

- (i) To prohibit any member from revealing any information given by a Party on a confidential basis to anyone outside TEAP and its technical options committees and encourage all members of TEAP and its technical options committees to do their best to protect such information;
- (ii) To instruct TEAP and its technical options committees to prepare their reports in such a manner as not to reveal any confidential information;
- (iii) If TEAP and its technical options committees consider that they cannot prepare a report without revealing all or part of the confidential information, they should inform the Party of this fact. In this way the Party has the choice between having TEAP prepare its report without the benefit of the confidential information or waiving confidentiality with respect to all or part of the information.

33. The Working Group may wish to consider the issues raised by TEAP on confidentiality of information and make recommendations.

**(b) Operation of TEAP**

34. In its 2003 progress report, TEAP presented its plans on reorganization of the Panel and its technical options committees. TEAP is looking for qualified nominations for the Panel and all its technical options committees. In 2004, TEAP completed the organization of the Chemicals Technical Options Committee, to integrate topics including process agents and feedstocks, destruction, laboratory and analytical uses, non-medical aerosol products, solvents and CTC. In 2004, TEAP will continue to recruit experts on the topics of greatest importance to Parties and will continue its reorganization to focus on sectors where technologies are still rapidly evolving.

35. The Working Group may wish to take note of the ongoing effort by TEAP to restructure the Panel and its technical options committees and make recommendations as appropriate.

**B. Item 4: Progress report by the Chair of the Steering Panel on the Evaluation and Review of the Financial Mechanism of the Montreal Protocol (decision XV/47)**

36. In accordance with paragraph 2 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. The steering panel met three times. The first meeting was held on 16 and 19 December 2003 in Montreal and the meeting selected the firm ICF to conduct the evaluation of the financial mechanism. The second meeting was held on 19 and 20 January 2004 in San José, Costa Rica, and the meeting provided guidance to ICF on the work to be carried out and the work plan. The third meeting was held on 2 April 2004 in Montreal, at which the steering panel reviewed the progress on the work being carried out by ICF and provided further guidance. The chair of the steering panel will be reporting in more detail on the progress made in the evaluation, and ICF will present its first draft report.

37. The Working Group may wish to consider the draft report of ICF and the report of the chair of the steering panel and make recommendations as appropriate.

**C. Item 5: The need for a study on the 2006-2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol (decisions XIII/1 and XIII/2)**

38. A decision by 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 the terms of reference for any studies that may be deemed necessary to facilitate the process.

39. Previous decisions of the Parties on replenishment of the Multilateral Fund taken in 1993, 1995, 1999 and 2002 were preceded by studies, the last three having been carried out by TEAP with specific terms of reference on the projected needs of the Parties operating under Article 5 for the triennium period in question. The relevant decisions in 2002 were XIII/1 on the terms of reference for the study on the 2003–2005 replenishment and XIII/2 on the establishment of the ad hoc working group to consider the Panel's study.

40. The Working Group may wish to discuss this issue and make recommendations as appropriate to the Meeting of the Parties.

**D. Item 6: Consideration of the terms of reference of the Executive Committee of the Multilateral Fund for an amendment of paragraph 10 (k) relating to nomination and appointment of the Chief Officer of the Multilateral Fund Secretariat (decision XV/48)**

41. In decision XV/48, it was 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 Chair of the Executive Committee and also those made by other Parties. The decision also requested the Executive Committee to enter into consultation with the United Nations Secretariat and the Executive Director of UNEP on the matter and to report thereon to the Sixteenth Meeting of the Parties. The Chair of the Executive Committee proposed to add the following understanding on paragraph 10 (k) of the existing terms of reference of the Executive Committee: "The Executive Committee should prepare a shortlist of the eligible candidates, together with its recommendation, from which the Secretary-General would make a final selection."

42. The Working Group may wish to discuss the issue in the light of the report by the Chair of the Executive Committee on this issue.

**E. Item 7: Consideration of the implementation and operation of decision XV/3 on obligation of Parties to the Beijing Amendment under Article 4 of the Montreal Protocol with respect to hydrochlorofluorocarbons**

43. In decision XV/3, it was agreed, among other things, that the Secretariat shall transmit data received under paragraph 1 (c) of the same decision to the Implementation Committee and the Parties. The Parties also agreed to consider the implementation and operation of the decision at their Sixteenth Meeting, in particular taking into account any comments on the data submitted by States by 31 March 2004 under paragraph 1 (c) that the Implementation Committee may make.

44. The information received from the Parties in response to this decision is contained in document UNEP/OzL.Pro.WG.1/24/3. The information and data reported will be considered by the Implementation Committee at its meeting on 17 and 19 July 2004 and any comments made will be communicated to all Parties before the Sixteenth Meeting of the Parties to the Montreal Protocol.

**F. Item 8: Consideration of reports on monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances (decision XIV/7)**

45. In paragraph 6 of decision XIV/7, the Parties requested the Division of Technology, Industry and Economics of UNEP (DTIE), through the Executive Committee of the Multilateral Fund, to report to the Sixteenth Meeting of the Parties on the activities of the regional networks with regard to means of combating illegal trade. By the same decision, the Parties also requested the Executive Committee to



consider making an evaluation of customs officers training and licensing systems projects a priority and, if possible, to report thereon to the Sixteenth Meeting of the Parties.

46. The Working Group may wish to discuss any information provided by both DTIE and the Executive Committee of the Multilateral Fund and make recommendations as appropriate.

**G. Item 9: Update on the consideration of the use of the United Nations Globally Harmonized System for the Classification and Labelling of Chemicals for substances that deplete the ozone layer (decision XIV/8 (b) and paragraph 124 of the report of the Fifteenth Meeting of the Parties to the Montreal Protocol (UNEP/OzL.Pro.15/9))**

47. In decision XIV/8, the Parties requested the Ozone Secretariat to contact the Subcommittee of Experts on the Globally Harmonized System of Classification and Labelling of Chemicals of the Economic and Social Council of the United Nations once the Globally Harmonized System had been adopted by the Council in order to clarify whether ozone-depleting substances were included in its programme of work and, if they were not included:

(a) To evaluate the possibilities for and feasibility of including ozone-depleting substances on its work programme; and

(b) To report thereon to the Open-ended Working Group of the Parties at its twenty-third meeting.

48. The Subcommittee of Experts considered the request of the Parties at its meeting held in Geneva on 10–12 December 2003 and decided to set up a correspondence group to classify ozone-depleting substances and mixtures into the Globally Harmonized System based on the criteria of the Montreal Protocol. The Committee's decision was made on the basis of a proposal submitted by a group of countries in favour of classifying ozone-depleting substances. During the meeting, the Secretariat had advised the Subcommittee not to start work on the issue without receiving proper directions from the Meeting of the Parties to the Montreal Protocol but the Subcommittee decided that it was fully entitled to decide on its own what classes and criteria were to be added to the Globally Harmonized System. Excerpts from the report of the Subcommittee of Experts on this agenda item are contained in document UNEP/OzL.Pro/WG.1/24/4.

49. The Working Group may wish to consider the information contained in the note by the Secretariat on this issue and make recommendations as appropriate.

**H. Item 10: Report on the response to the arrangement under paragraph 2 of decision XV/15 for earlier reporting of consumption and production data and on its beneficial effect on the work of the Implementation Committee**

50. In decision XV/15, the Parties recognized the desirability for the data on production and consumption of ozone-depleting substances reported annually by the Parties, as provided in Article 7 of the Montreal Protocol, to be submitted to the Secretariat by 30 June each year, rather than by 30 September, as currently required in paragraph 3 of Article 7 of the Protocol. The justification for bringing forward the date of submission of data under Article 7 of the Protocol is to enable the Implementation Committee to make recommendations regarding the status of compliance of the Parties with the provisions of the Protocol in good time before they are considered by the Meeting of the Parties.

51. In a similar decision taken earlier (paragraph 4 of decision XIV/13), the Parties were strongly urged to report their data under Article 7 of the Protocol before 30 June each year.

52. Paragraph 2 of decision XV/15 further requested the Secretariat to report to the Meeting of the Parties on the response of the Parties to the above encouragement, as well as the beneficial effects of moving forward the reporting deadline on the work of the implementation Committee, with a view to helping the Parties to decide on the usefulness of an amendment to the Protocol which would give legal effect to bringing forward the reporting deadline to 30 June each year.

53. In response to paragraph 2 of decision XV/15, the Secretariat is preparing an information note (UNEP/OzL.Pro/WG.1/24/5).

54. The Working Group may wish to discuss the issue in light of the information note prepared by the Secretariat.

## **I. Item 11: Issues arising from the Extraordinary Meeting of the Parties**

### **1. Item 11 (a): Elaboration of the criteria and methodology for authorizing multi-year exemptions of methyl bromide consumption (decision Ex.1/3, paragraph 5)**

55. Decision Ex.I/3, paragraph 6, takes note of the proposal by the United States of America on multi-year exemptions. Specifically, it proposes that, where 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). This decision provides 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.

56. The Working Group may wish to consider the elaboration of criteria and a methodology for authorization of multi-year exemptions for methyl bromide and make appropriate recommendations.

### **2. Item 11 (b): Accounting framework for reporting quantities of methyl bromide produced, imported and exported under the terms of critical use exemptions and a format for a critical use exemption report based on the content of Annex I to the report of the Extraordinary Meeting (decision Ex.1/4, subparagraphs 9 (f) and (g))**

57. 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.

58. 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.

59. 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.

60. 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.

### **3. Item 11 (c): Report of the ad hoc working group on MBTOC procedures and terms of reference as they relate to the evaluation of nominations for critical-use exemptions (decision Ex.1/5, paragraphs 5 and 6)**

61. 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.

62. In paragraph 6 of the same decision, the twenty-fourth meeting of the Open-ended Working Group was requested to formulate 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.

63. The Secretariat has made arrangements to hold the meeting of the ad hoc working group on 10-12 July 2004 in Geneva. As decided by the Extraordinary Meeting of the Parties, the following 12 Article 5 Parties and 12 non-Article 5 Parties will be invited to attend the meeting: Argentina, Brazil, Chile, China, Costa Rica, Jordan, Kenya, Mauritius, Morocco, Nigeria, Philippines and Sri Lanka representing the Article 5 Parties; Australia, Canada, Germany, Italy, Japan, Netherlands, Norway, Poland, Spain, Switzerland, the United Kingdom and the United States of America representing the non-Article 5 Parties.

64. The meeting may wish to consider the recommendations of the ad hoc working group and make appropriate recommendations including identifying elements, if any, which could be used on an interim basis pending the approval of the Sixteenth Meeting of the Parties.

**4. Item 11 (d): Modification of the handbook on critical use nominations (decision Ex.I/4, subparagraph 9 (k))**

65. 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 the Parties in early 2003.

66. 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 this decision, TEAP was requested to modify the handbook to reflect the new provisions included in decision Ex.I/4, for submission and consideration by the Parties at their Sixteenth Meeting.

67. TEAP and its MBTOC are currently working on the modification of the handbook. The revised version will be made available in early June 2004.

**J. Item 12: Consideration of methyl bromide issues and proposals submitted by certain Parties**

**1. Item 12 (a): Trade in products and commodities treated with methyl bromide (submitted by Kenya; see paragraphs 30–33 of the report of the Fifteenth Meeting of the Parties (document UNEP/OzL.Pro.15/9))**

68. The issue of trade in products and commodities treated with methyl bromide was introduced at the Fifteenth Meeting of the Parties. The proposal requested Parties not to restrict trade in products from Article 5 Parties that had been treated with methyl bromide. During the discussion, it was pointed out that agriculture represented a major foreign exchange earner and source of employment for the Article 5 Parties. Crops for export to Parties not operating under Article 5, however, had to meet very stringent quality standards. Accordingly, Article 5 Parties raised the issue of potentially harmful effects of anticipated trade restrictions on products treated with, or grown in soil treated with methyl bromide and that such restrictions were unnecessary and were above and beyond the call of the Montreal Protocol. The Parties agreed to resume discussions on the issue at the twenty-fourth meeting of the Open-ended Working Group.

69. The Working Group may wish to consider the proposal which has been resubmitted to the meeting as a conference room paper and to make appropriate recommendations.

**2. Item 12 (b): International transit trade in ozone-depleting substances (submitted by Sri Lanka on behalf of others; see paragraphs 178 and 179 of the report of the Fifteenth Meeting of the Parties)**

70. The issue of international transit trade in ozone-depleting substances was introduced at the Fifteenth Meeting of the Parties. The proposal requested a study on the possible development of a system for tracking and securing the transshipment, re-export, and transit trade of ozone-depleting substances. During the discussion, it was pointed out that countries faced problems of controlling illegal trade, and such a system would help in controlling illegal trade as encouraged by decision XIV/7. Owing to the late submission of the proposal, the Parties decided to defer the discussions to the twenty-fourth meeting of the Open-ended Working Group.

71. The Working Group may wish to discuss the issue.

**3. Item 12 (c): Request for technical and financial support to identify strategies to combat soil parasites and request to translate Methyl Bromide Technical Options Committee assessment reports on alternatives to methyl bromide (submitted by Burkina Faso and others; see paragraphs 46 and 47 of the report of the Extraordinary Meeting of the Parties (document UNEP/OzL.Pro.ExMP/1/3))**

72. The issue of technical and financial support to identify strategies to combat soil parasites was introduced at the Extraordinary Meeting of the Parties in March 2004. The proposal also requested the translation of MBTOC assessment reports into the official United Nations languages. Since the issue was not on the agenda of the Extraordinary Meeting, the Parties decided to refer the issues to the twenty-fourth meeting of the Open-ended Working Group for consideration.

73. The Working Group may wish to discuss the issue.

**4. Item 12 (d): Request to TEAP to provide scientific and technical bases to justify the demands of certain importing countries for agricultural foodstuffs to be disinfected (submitted by Burkina Faso and others; *ibid.*)**

74. The issue regarding the scientific justification of a requirement by some countries for foodstuffs to be disinfected was also introduced at the Extraordinary Meeting of the Parties. The proposal requested TEAP to provide the scientific and technical bases to justify demands by certain importing countries for agricultural foodstuffs to be disinfected, yet the alternatives used for their production were documented in MBTOC reports. Since, however, the issue was not on the agenda of the Extraordinary Meeting, it was referred to the Open-ended Working Group for consideration at its twenty-fourth meeting.

75. The Working Group may wish to discuss the issue.

**5. Item 12 (e): Granting flexibility to allow flour mills to use methyl bromide in emergency circumstances (submitted by Mauritius)**

76. A new proposal has been submitted by Mauritius in a conference room paper for consideration by the Open-ended Working Group at its twenty-fourth meeting, on granting flexibility to allow flour mills to use methyl bromide in emergency circumstances. This takes into account the situation of Mauritius, which has voluntarily accelerated its methyl bromide phase-out but requires methyl bromide when sporadic infestation of pests occur in flour mills, despite stringent integrated pest management systems employed in the mills.

77. The Working Group may wish to consider the proposal and make appropriate recommendations.

**6. Item 12 (f): Request to 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 (submitted by Guatemala)**

78. The proposal for assessing the use of methyl bromide for feedstock and quarantine and pre-shipment uses was introduced at the Extraordinary Meeting of the Parties. The proposal 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. Since, however, the issue was not on the agenda of the Extraordinary Meeting, the Parties decided to defer the discussion to the twenty-fourth meeting of the Open-ended Working Group.

79. The Working Group may wish to consider the issue.

**K. Item 13: Consideration of the need to review the status of destruction technologies for ozone-depleting substances (decision XIV/6, paragraph 5)**

80. In paragraph 5 of decision XIV/6, the Parties decided to consider, at the twenty fourth meeting of the Open-ended Working Group, the need to review the status of destruction technologies in 2005, including an assessment of their environmental and economic performance, as well as their commercial viability.

81. The Working Group may wish to discuss the issue and make recommendations as appropriate.

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