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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

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

I. Opening of the meeting

1. The twenty-fourth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer was held at the Geneva International Conference Centre from 13 to 16 July 2004. The meeting was co-chaired by Mr. Jorge Leiva (Chile) and Mr. Janusz Kozakiewicz (Poland).
2. The meeting was opened at 10 a.m. on 13 July by Mr. Leiva, who welcomed the participants.
3. Mr. Marco González, Executive Secretary of the Ozone Secretariat, extended best wishes to all the participants on behalf of Mr. Klaus Töpfer, Executive Director of the United Nations Environment Programme (UNEP). Welcoming three new Parties to the Protocol – Afghanistan, Cook Islands and Niue – he highlighted the fact that, in the preceding 12 months, another 20 Parties had ratified all amendments to the Protocol, up to and including the Beijing Amendment. Progress had been made by the Parties in terms of timeliness and completeness of data reporting, and the Parties' commitment to comply with their obligations under the Protocol had been evidenced by their increased responsiveness to compliance issues.
4. The period since the previous Open-ended Working Group meeting had been extremely busy, with a number of important meetings held, including the Extraordinary Meeting of the Parties, which had received close media coverage worldwide. The strenuous negotiations to reach agreements over that period had also enabled Parties to move forward the revision of nominations for critical-use exemptions for methyl bromide, despite the differences in needs, approaches and views.
5. Outlining the four main groups of issues before the meeting, he explained that the first group arose from the progress report of the Technology and Economic Assessment Panel (TEAP), the second from the first Extraordinary Meeting of the Parties, the third from previous decisions of the Parties and

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the fourth from new or continuing initiatives of the Parties. He also drew attention to the information documents provided by the Secretariat to facilitate discussion of the issues under item 16 of the agenda, "Other matters".

6. In closing, he wished the participants fruitful discussions. He also seized the opportunity to express condolences, on behalf of the meeting, to the family, friends and colleagues of the late Mr. Gerard Mégie, a co-chair of the Scientific Assessment Panel at the time of his death, saying that his loss was deeply felt by the Montreal Protocol family.

7. Following the opening statement by Mr. González, Mr. Daniel Albritton, co-chair of the Panel, paid tribute to his former colleague, stating that Mr. Mégie had displayed a rare combination of scientific excellence and brilliant leadership and that his work had led the Panel toward increasing emphasis on the link between ozone depletion and climate change and had championed a healthy dialogue between science and society. Mr. Mégie would be sorely missed, both professionally and personally, in the environmental science community. The meeting then observed a minute's silence in his memory.

II. Organizational matters

A. Attendance

8. The following Parties to the Montreal Protocol were present: Algeria, Argentina, Armenia, Australia, Austria, Azerbaijan, Bahamas, Barbados, Belarus, Belize, Bolivia, Botswana, Brazil, Bulgaria, Burkina Faso, Burundi, Cameroon, Canada, Central African Republic, Chad, Chile, China, Colombia, Costa Rica, Côte d'Ivoire, Croatia, Cuba, Czech Republic, Democratic Republic of the Congo, Denmark, Djibouti, Dominica, Dominican Republic, Ecuador, Egypt, El Salvador, Estonia, Ethiopia, European Community, Finland, France, Gabon, Georgia, Germany, Greece, Guatemala, Guinea, Guinea-Bissau, Honduras, Hungary, India, Indonesia, Iran (Islamic Republic of), Israel, Italy, Jamaica, Japan, Jordan, Kenya, Kuwait, Kyrgyzstan, Lao People's Democratic Republic, Latvia, Lebanon, Libyan Arab Jamahiriya, Lithuania, Malaysia, Maldives, Mali, Mauritania, Mauritius, Mexico, Morocco, Mozambique, Namibia, Nepal, Netherlands, New Zealand, Niger, Nigeria, Niue, Norway, Pakistan, Panama, Papua New Guinea, Paraguay, Peru, Philippines, Poland, Portugal, Qatar, Republic of Korea, Republic of Moldova, Russian Federation, Saint Vincent and the Grenadines, Sao Tome and Principe, Senegal, Serbia and Montenegro, Seychelles, Sierra Leone, Slovakia, Slovenia, Spain, Sri Lanka, Sudan, Swaziland, Sweden, Switzerland, Syrian Arab Republic, Tajikistan, Thailand, The Former Yugoslav Republic of Macedonia, Tonga, Trinidad and Tobago, Tunisia, Uganda, Ukraine, United Kingdom of Great Britain and Northern Ireland, United Republic of Tanzania, United States of America, Uruguay, Uzbekistan, Venezuela, Viet Nam, Yemen and Zambia.

9. Observers from the following States not Parties to the Montreal Protocol were also present: Bhutan, Equatorial Guinea and Eritrea.

10. Observers from the following United Nations entities, organizations and specialized agencies were also present: United Nations Development Programme; United Nations Environment Programme, United Nations Industrial Development Organization; World Bank; Ozone Secretariat; Secretariat of the Stockholm Convention; Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol; Environmental Effects Assessment Panel; Scientific Assessment Panel; Technology and Economic Assessment Panel; Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee; Flexible and Rigid Foams Technical Options Committee; Halons Technical Options Committee; Refrigeration, Air-Conditioning and Heat Pumps Technical Options Committee; and Methyl Bromide Technical Options Committee.

11. The following intergovernmental and non-governmental organizations were also represented: Albermarle Corporation; Alliance For Responsible Atmospheric Policy; American Lung Association; American Thoracic Society; Arab League; Arvesta Corporation; California Citrus Quality Council; California Strawberry Commission; Cannon SPA; Crop Protection Coalition; Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ); Dienst voor Residucontrole vzw; Dow AgroSciences; ECO2 BV; Environmental Investigation Agency (EIA); Florida Fruit and Vegetable Association; Florida Tomato Exchange; GlaxoSmithKline; Great Lakes Chemical Corporation; Hendrix and Dail; ICF Consulting; Industrial Technology Research Institute; International Pharmaceutical Aerosol Consortium; Japan Fluorocarbon Manufacturers Association; Japan Industrial Conference for Ozone Layer and Climate Protection (JICOP); JNF Consulting Services BV; Korea Specialty Chemical Industry Association; Leite, Tosto e Barros Advogados Associados; Max-Planck Institute for Comparative Public Law and

International Law; Methyl Bromide Global Coalition; Natural Resources Defence Council; Navin Flourine Unit of Polyolefins Rubber Chemicals Ltd.; Nordiko Quarantine Systems; Proklima; R&M Consultancy, Inc.; Refrigeration and Air Conditioning Industry of W. Australia; SAFE; South Pacific Regional Environment Programme (SPREP); Trical Inc.; University of California; and Californian Floral Industry.

B. Adoption of the agenda

12. The following agenda was adopted on the basis of the provisional agenda contained in document UNEP/OzL.Pro/WG.1/24/1/Rev.1:

1. Opening of the meeting.
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Consideration of the 2004 progress report of the Technology and Economic Assessment Panel on:
 - (a) Nominations by the Parties for essential-use exemptions for controlled substances (decision IV/25, paragraph 6);
 - (b) Modification of the handbook on essential-use nominations (decisions XII/2, paragraph 10 and XV/5, paragraph 9);
 - (c) Nominations for critical-use exemptions for methyl bromide (decisions IX/6, paragraph 2 and XIII/11);
 - (d) Annual update on the use and emissions of n-propyl bromide (decision XIII/7, paragraph 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);
 - (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);
 - (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);
 - (h) Review of requests for consideration of specific uses against decision X/14 criteria for process agents (decision XV/7, paragraph 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);
 - (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));

- (k) Development of a timely plan of action to enable 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 (decision XV/11);
 - (l) Other issues arising out of the 2004 TEAP progress report.
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).
 5. Need for a study on the 2006–2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol (see decisions XIII/1 and XIII/2).
 6. Consideration of the terms of reference of the Executive Committee of the Multilateral Fund for an amendment of paragraph 10 (k) relating to the nomination and appointment of the Chief Officer of the Multilateral Fund Secretariat (decision XV/48).
 7. Consideration of the implementation and operation of decision XV/3 on obligations of Parties to the Beijing Amendment under Article 4 of the Montreal Protocol with respect to hydrochlorofluorocarbons.
 8. Consideration of reports on monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances (decision XIV/7).
 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 (UNEP/OzL.Pro.15/9));
 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.
 11. Issues arising from the Extraordinary Meeting of the Parties:
 - (a) Elaboration of the criteria and methodology for authorizing multi-year exemptions of methyl bromide consumption (decision Ex.I/3, paragraph 6);
 - (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 of the Parties (decision Ex.I/4, subparagraphs 9 (f) and (g));
 - (c) Report of the ad hoc working group on procedures and terms of reference of the Methyl Bromide Technical Options Committee as they relate to the evaluation of nominations for critical-use exemptions (decision Ex.I/5, paragraphs 5 and 6);
 - (d) Modification of the Handbook on Critical Use Nominations (decision Ex.I/4, subparagraph 9 (k)).
 12. Consideration of methyl bromide issues and other proposals submitted by certain Parties:
 - (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));
 - (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);

- (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);
 - (d) Request to the Technology and Economic Assessment Panel 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.*);
 - (e) Granting flexibility to allow flour mills to use methyl bromide in emergency circumstances (submitted by Mauritius);
 - (f) Request to the Technology and Economic Assessment Panel 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).
13. Consideration of the need to review the status of destruction technologies for ozone-depleting substances (decision XIV/6, paragraph 5).
 14. Proposed adjustment by the European Community on further interim reduction steps for methyl bromide in Parties operating under paragraph 1 of Article 5.
 15. Proposed amendment by the European Community for expedited amendment of the Montreal Protocol
 16. Other matters.
 17. Adoption of the report.
 18. Closure of the meeting.

13. Under item 16, "Other matters", the following issues were submitted by participants for consideration:

- (a) Report on preparations for the Sixteenth Meeting of the Parties to be held in Prague;
- (b) Replacement of the deputy Executive Secretary of the Ozone Secretariat, who would be leaving after many years of distinguished service;
- (c) The issue of non-compliance by Nepal;
- (d) Proposal to be submitted by Colombia and Guatemala in relation to item 12 (f) of the agenda: "Request to the Technology and Economic Assessment Panel 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";
- (e) Presentation on behalf of the regional ozone network for Eastern Europe regarding the participation of network countries in relation to seats on the Executive Committee of the Multilateral Fund; and
- (f) Issues pertaining to very low-volume consuming countries.

C. Organization of work

14. The Co-Chair (Poland) presented a proposed organization of work for the Working Group, which was adopted.

III. Consideration of the 2004 progress report of the Technology and Economic Assessment Panel (agenda item 3)

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

15. The co-chair of TEAP, Mr. Stephen Andersen, introduced the Panel's 2004 progress report and invited the co-chairs of its various technical options committees to present their findings to the Open-ended Working Group.

1. Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee

16. The co-chair of the Aerosols, Sterilants, Miscellaneous Uses and Carbon Tetrachloride Technical Options Committee (ATOC), Mr. Ashley Woodcock, reported on the essential-use nominations for metered-dose inhalers, and on the potential impacts of the phase-out of chlorofluorocarbons (CFCs) in non-Article 5 Parties on the availability of affordable inhaled therapy in Article 5 Parties.

17. With regard to essential-use nominations, he said that ATOC had recommended approval of some exemptions conditional on a review of quantities in 2005. The nominations for the European Community and the United States of America accounted for 90 per cent of recommended nominations. TEAP had been unable to recommend the nomination from the Russian Federation for uses considered essential since it had been received by UNEP after the submission deadline. He suggested that Parties consider those circumstances of the Russian Federation when approving essential use. ATOC had been unable to recommend the nomination for Poland, which had requested a small amount in addition to its approved nomination for 2005. ATOC was of the view, however, that there might be enough flexibility in the European Community process to accommodate Poland's request if needed. Hungary had ceased essential-use nominations and Canada had announced regulations that provided for only CFC-free metered-dose inhalers to be sold after 2005. He noted that Japanese pharmaceutical companies had ceased CFC metered-dose inhaler production for the domestic market. Lastly, on behalf of his Committee, he reminded Parties to submit nominations in accordance with the timetable set out in decisions V/18 and VIII/9 of the Meeting of the Parties, and to bear in mind the need to present a domestic transition plan with any requests for essential-use nominations beyond 2007.

18. With regard to the phase-out of CFC metered-dose inhalers in non-Article 5 Parties, he said that it need not have significant impact on the availability of affordable therapy in Article 5 Parties. CFC use for metered-dose inhalers continued to decrease, and technically satisfactory HFC alternatives, particularly involving salbutamol, were now available worldwide. While capital cost might be a barrier to conversion to non-CFC technologies for some local manufacturers in Article 5 Parties, it would not necessarily impede overall transition. There was, however, a need for active management of transition in those countries to ensure uninterrupted access to components for manufacturing CFC metered-dose inhalers until final phase-out.

19. In response to a question regarding the affordability of satisfactory alternatives to CFC metered-dose inhalers, he explained that there was no significant difference in price between branded CFC metered-dose inhalers and non-CFC metered-dose inhalers marketed in Article 5 Parties. One representative wished to obtain more economic and technical background on such alternatives, while another urged TEAP not to accept essential-use exemptions for CFC metered-dose inhalers unless the companies involved in the request had demonstrated that research had been done on safe, economically viable alternatives.

2. Rigid and Flexible Foams Technical Options Committee

20. The co-chair of the Rigid and Flexible Foams Technical Options Committee (FTOC), Mr. Paul Ashford, reported that supply shortages of some hydrofluorocarbons (HFCs) in Europe would potentially prolong the use of hydrochlorofluorocarbons (HCFCs) in some sectors (notably spray foams and panel manufacture) to accommodate revised transition strategies. CFC phase-out was proceeding in Article 5 Parties according to the Montreal Protocol, but sustained availability of CFCs at a lower overall cost than their respective substitutes continued to hinder accelerated phase-out. CFC and HCFC banks were continuing at a substantial level – in excess of one million tonnes each. In fact, HCFC banks had grown, and would continue to grow over the next few years. A TEAP task force would be providing a report on foam “end-of-life” issues to the Open-ended Working Group at its twenty-fifth meeting.

21. Following the presentation, one representative commented that the information on a general increase detected in CFC and HCFC banks raised the issue of how Article 5 Parties would deal with those banks when it came to provisions for the end of life of those substances. Aside from the fact that the destruction or final treatment of CFCs and HCFCs was linked to the illegal trade in ozone-depleting substances, those substances became a problem when they accumulated in Article 5 Parties.

22. In response, Mr. Ashford noted that a TEAP task force was in the process of preparing a report which covered the dynamics of foam banks for presentation at the twenty-fifth meeting of the Open-ended Working Group as well as on the technical and economic feasibility of recovery from the appliance and building sector. Although the linkage between CFC and HCFC banks and illegal trade was not within the task force's purview, there definitely was a link which required further consideration in terms of policing products containing or made with blowing agents, refrigerants and halons.

3. Halons Technical Options Committee

23. The co-chair of the Halons Technical Options Committee (HTOC), Mr. Daniel Verdonik, reported that a preliminary meeting had been held with the International Civil Aviation Organization (ICAO) regarding the development of a timely plan of action to modify regulatory requirements currently mandating the use of halons on new airframes, pursuant to decision XV/11 of the Meeting of the Parties. He said that HTOC was planning to assemble background information, and meet again with ICAO and the International Air Transport Association (IATA) in 2004. An interim report on developments would be submitted to the Sixteenth Meeting of the Parties.

4. Methyl Bromide Technical Options Committee

24. The co-chair of the Methyl Bromide Technical Options Committee (MBTOC), Mr. Nahum Marban Mendoza, reported that most non-Article 5 Parties had met a large proportion of their phase-out schedules for 2003 through adoption of transitional strategies in the soil sector, including the replacement of methyl bromide with mixtures of methyl bromide and chloropicrin, reduced dosage rates of methyl bromide under virtually impermeable film (VIF) tarpaulins, strip fumigation to replace broad-acre treatment and a decreased frequency of fumigation.

25. Registration of alternatives to methyl bromide was a major barrier to their availability, but progress had been made, particularly with regard to chloropicrin, 1,3-dichloropropene-chloropicrin mixtures and sulphuryl fluoride. There had furthermore been advances in soil treatments, such as improved systems for the application of metham sodium, the development of soil treatments using hot water and also hot air. Sterile substrate systems were also becoming widely used in protected, intensive agriculture where methyl bromide was traditionally used. Although initial investments linked to substrate systems were high, it had been proved that increased productivity and yield paid off extra costs rapidly thanks to those systems' advantages.

26. Some specific non-quarantine and pre-shipment post-harvest and structural applications still required methyl bromide. Critical methyl bromide uses included control of some fungi in historical buildings and wooden artefacts, and the treatment of fresh chestnuts and high moisture fresh dates. As for quarantine and pre-shipment uses, more than 11,245 tonnes had been reported as produced for quarantine and pre-shipment purposes for 2002. The use of methyl bromide for fumigation of wooden pallets and packaging materials had increased substantially and would continue to grow following the introduction of standard 15 of the International Standards for Phytosanitary Measures (ISPM) in early 2004. Parties were invited to monitor that increased use. With regard to recovering and recycling technology for methyl bromide quarantine and pre-shipment treatments, in decision VII/5, paragraph (c) and decision XI/13, paragraph 7, the Parties had been urged to adopt such technology where technically and economically feasible. MBTOC had collected data showing that the recapture of methyl bromide from small-scale fumigations in freight containers or fumigation chambers was carried out in several countries using carbon to recapture methyl bromide after use. Adoption of that technology had, however, been driven by safety and local air quality regulations rather than recognition of the need to protect the ozone layer.

27. In response to questions regarding the timetable for delivery of a report on alternatives to methyl bromide for quarantine and pre-shipment uses pursuant to decision XI/13, and on the increase in methyl bromide use following the introduction of the ISPM 15 regulation, he said that MBTOC expected to give a full report at the twenty-fifth meeting of the Open-ended Working Group. Finally, he reassured one representative that bilateral consultations between MBTOC and certain Parties to clarify why nominations for critical-use exemptions for methyl bromide had been denied would take place as in the past, and that some such meetings had, in fact, already been scheduled.

5. Refrigeration, Air-Conditioning and Heat Pumps Technical Options Committee

28. The co-chair of the Refrigeration, Air-Conditioning and Heat Pumps Technical Options Committee (RTOC), Mr. Radhey S. Agarwal, reported that some major multinational companies were adopting non-HFC alternative technologies for refrigerants, including hydrocarbons and carbon dioxide. Furthermore, a number of developments were under way, aimed at optimizing secondary loop systems that should be at least as efficient as the reference direct system. In mobile air conditioning, it was expected that, by 2008, almost all air-conditioned vehicles worldwide would use HFC-134a. Owing, however, to concerns about the global warming impact of HFC-134a, vehicle manufacturers and suppliers were searching for a replacement, with carbon dioxide and HFC-152a emerging as the leading candidates. Meanwhile, vehicle manufacturers would be applying enhanced HFC-134a systems to reduce refrigerant leakage and improve energy efficiency.

6. Report of the chiller task force

29. The co-chair of the chiller task force, Mr. Lambert Kuijpers, introduced the task force's report, prepared pursuant to decision XIV/9.

30. The chiller task force had held two meetings and had focused its research on centrifugal chillers with varying capacity of between 700 kilowatts and a few megawatts. The options for minimizing CFC requirements for chillers were retention, retrofitting and replacement. Incentives for minimizing CFCs included economic payback, performance contracting and training and educational programmes, as well as government incentives, such as revolving loans at favourable interest rates, policy support, building programmes for energy efficiency and financial rewards for private investments. Impediments included cost issues, lack of information on the part of decision makers, uncertainty about the future, national energy policies and perceived risks.

31. The task force had also performed an inventory of chillers and had sought to determine CFC chiller servicing needs. Chiller inventories in the mid-1990s had shown a total of 120,000 chillers in non-Article 5 Parties. Of the 80,000 chillers in the United States of America, 40,000 had been replaced or retrofitted as of 2003, and all CFC chillers were expected to be phased out by 2015. There were approximately 15,000 CFC chillers in Article 5 Parties (not including the Republic of Korea, Saudi Arabia, the United Arab Emirates and countries in similar situations), the vast majority of which used CFC-11. As for servicing needs, the study had found that it could be reasonably assumed that 5–10 per cent of the total servicing needs of an average Article 5 Party was needed for CFC chiller servicing.

32. With regard to chiller replacement, it was important to note that replacement programmes would not replace all the chillers inventoried. Replacement was not a prerequisite for the phase-out of CFCs, and the best approach would be to have replacement programmes select a certain number of chiller candidates to stimulate further replacements within the various countries. While the initial investment for chiller replacement was high, the return on investment for new chillers took from three to five years, depending on factors like the chiller's running time per year, electricity prices, and the choice and design of components, which influenced both payback and cooling efficiency. Given those considerations, Article 5 Parties would need to plan for reduction, particularly in the CFC-11 chiller consumption sector, by preparing inventories, studying the impact of reduced refrigerant consumption, looking at refrigerant available from units that had been disposed of, and formulating replacement policies while keeping the option open to operate CFC chillers after 2010.

33. In response to a question on the respective roles of the public and private sector in financing chiller end-of-life replacement, he explained that no Multilateral Fund or Global Environment Facility (GEF) project would be able to fund the complete replacement of chillers in any Article 5 Party. Funding from the two bodies was intended to start off chiller replacement, generating a snowball effect as the funds accruing to companies through economic and energy savings were applied to the country's remaining chillers.

34. Lastly, he concurred fully with a comment by one representative that, given the importance of the chiller issue for Article 5 Parties, it would be desirable to have a code of practice to ensure standardized end-of-life planning among countries whose chillers were currently dependent on CFC-11 or CFC-12.

7. Process agents

35. TEAP senior expert member, Mr. Masaaki Yamabe, reported on progress with the review of process agent uses. He said that nominations had been received from a number of countries to include additional process agents. A TEAP task force had been set up to perform a detailed review and would present its outcome at the Sixteenth Meeting of the Parties in November 2004. The TEAP task force would approach the Secretariat to request clarifications from Parties, if the need arose.

8. Confidentiality issues

36. TEAP senior expert member for economic issues, Ms. Shiqiu Zhang, reported on the status of work on issues related to confidential business information pursuant to decision XV/5, paragraph 2 of the Meeting of the Parties.

37. She explained that, in paragraph 2 of that decision, the Parties requested essential-use nominations to identify the active ingredients of metered-dose inhalers, their intended markets and quantities required. Except, however, for salbutamol, most metered-dose inhalers active ingredients were associated with specific brand names or individual companies. Given that situation, some pharmaceutical companies had requested that the information be treated as confidential business information, and after consultation with the company, TEAP had agreed to treat it as commercially sensitive and report accordingly. TEAP now sought guidance from the Parties on how to manage confidential business information. It also requested the Parties to amend its terms of reference to prohibit any member from revealing any such confidential information given by a Party to anyone outside TEAP and its technical options committees; to instruct TEAP and its technical options committees to prepare their reports in such a manner that confidential information was not revealed; and, in the event that a report could not be prepared without revealing confidential information, to instruct TEAP to request the Secretariat to approach the nominating Party to find a way forward.

9. Organization issues

38. TEAP co-chair, Mr. Stephen Andersen, reported on organization issues, saying that TEAP continued to renew its membership as necessary. MBTOC was seeking experts on alternatives to methyl bromide and HTOC was seeking experts on aviation and merchant shipping. Meanwhile, FTOC and RTOC were focusing on the rapid introduction of alternatives to HCFCs, and ATOC was refocusing on metered-dose inhalers, medical aerosols and sterilization. The new Chemicals Technical Options Committee (CTOC) incorporated solvent, coatings and adhesives experts from the Solvents, Coatings and Adhesives Technical Options Committee, as well as ATOC experts on carbon tetrachloride, laboratory and analytical uses and technical aerosols. CTOC was seeking new members, particularly for process agents, carbon tetrachloride, and laboratory uses. TEAP in general sought co-chairs and senior expert members for its technical options committees from Article 5 Parties, and would propose new co-chairs for the technical options committees to the Parties for approval by the Sixteenth Meeting of the Parties.

B. Nominations by the Parties for essential-use exemptions for controlled substances (decision IV/25, paragraph 6) (agenda item 3 (a))

39. The Co-Chair drew attention to paragraphs 2–7 of the Secretariat note (UNEP/OzL.Pro.WG.1/24/2), containing a background summary of the recommendations provided by TEAP and ATOC on nominations. The representative of Poland sought clarification on the non-approval of his country's request for an essential-use exemption, and expressed surprise at the suggestion that the quantity requested should be met from the European Community's previous nomination, as Poland had not been part of the European Community when the nomination had been put forward. Mr Ashley Woodcock, co-chair of the Aerosols Technical Options Committee, explained that not enough information had been submitted, and, in particular, it was not clear why a use that apparently was expected to be completed by August 2004 would need four years' further consumption of CFCs. He offered to discuss the matter further with the representative of Poland.

40. With regard to the non-approval of his country's request for an essential-use exemption, the representative of the Russian Federation expressed concern about the ability of his country to continue to provide supplies of medication to patients at reasonable prices. In response Mr. Woodcock explained that the nomination in question had been received seven weeks after the deadline, and one week after the meeting of ATOC. The Committee had nevertheless examined an unofficial copy of the nomination

and had come to the view that it could support it, but had left it up to the Parties to decide whether or not to accept it on that basis.

41. The representative of the European Community, speaking also 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 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. He explained that the draft decision contained a timetable for this review, clarified some of the terms used in decision XV/5 and proposed additional guidance on the conditions under which nominations should be recommended or not.

42. The meeting agreed to set up a small contact group to deliberate on the draft decision. The representative of the European Community subsequently reported back on the fruitful discussions that had been held in the contact group. His delegation had agreed to consider amendments to the text of the draft decision dealing, among other issues, with supplemental nominations for CFCs for salbutamol-containing metered-dose inhalers and giving some flexibility in the dates by which information needed to be submitted in time for the ATOC assessment, and expected to put forward modified text for consideration by the Sixteenth Meeting. On that basis, the meeting agreed to forward the draft decision, in square brackets and as set out in the annex to the present report, to the Sixteenth Meeting of the Parties.

C. Modification of the handbook on essential-use nominations (decisions XII/2, paragraph 10 and XV/5, paragraph 9) (agenda item 3 (b))

43. Mr. Woodcock explained in his presentation that, although decision XV/5 had requested TEAP to modify the handbook on essential-use exemptions, the complexity of pharmaceutical supply chains and distribution networks, the difficulty in projecting future uses and the problems associated with confidential information had rendered that impossible to achieve in 2004. The Committee would revisit the issue at its 2005 meeting. The representative of the European Community, which, as the largest exporter of CFC metered-dose inhalers had supplied a substantial amount of data, promised to discuss with Mr. Woodcock ways in which the data could be supplied in a more useful format.

D. Nominations for critical-use exemptions for methyl bromide (decisions IX/6, paragraph 2 and XIII/11) (agenda item 3 (c))

44. Mr. Jonathan Banks, co-chair of MBTOC, introduced the interim report of TEAP and MBTOC on critical-use nominations for methyl bromide, which had been previously circulated to the Parties. The Panel had considered a total of 159 nominations, covering both 2005 and 2006, varying substantially in size and type. Each nomination had been considered on its merits, regardless of size; the Panel had followed the procedures laid out in decisions IX/6 and Ex.I/5.

45. TEAP and MBTOC had decided to recommend a smaller quantity where the nomination did not include feasible emission controls or where it proposed using quantities outside guideline rates without providing any justification (the principle of equivalent effectiveness). Mr. Banks observed that many nominations had actually proposed quantities below the guideline rates, suggesting scope for further reductions in the future. The Panel had also considered the rate of adoption of alternatives. Several nominations had been for the same quantities in 2005 and 2006 and had not proposed any progress towards phase-out despite the fact that alternatives were apparently available. These had initially been placed in the "unable to assess" category, but TEAP had developed a standardized schedule for the phase-in of alternatives, which had enabled them to reduce significantly the number of nominations in this category.

46. Mr. Banks stressed that the MBTOC and TEAP recommendations which the meeting was considering were merely interim ones and were subject to further discussion and dialogue, including in bilateral meetings in the following days, before they were finalized. He pointed out that the proportion of nominations placed in the "unable to assess" category (33 per cent) was much lower than in the previous year and that in general the nominations were of much higher quality and had required the Committee to ask fewer questions of the Parties submitting them.

47. Responding to a question about the standardized phase-in schedules which TEAP had proposed, Mr. Banks accepted that the methyl bromide national management strategies which the Extraordinary Meeting of the Parties had decided should be included in critical-use nominations would render

unnecessary the use of those rates. That was only a requirement for future nominations, however, and TEAP had preferred to use guideline reduction rates for the current round of nominations rather than leave a large proportion in the “unable to assess” category. He agreed that the nominations should be assessed on a case-by-case basis and was entirely prepared to discuss cases where the guideline rates were felt to be inappropriate. He also agreed that more information needed to be included in the Committee’s report on the reasons for non-recommendation, or recommendation, of nominations.

48. All representatives who took the floor thanked MBTOC for its work, which they recognized had been extremely complex and had been carried out without much guidance from the Parties. Some representatives, however, were of the view that MBTOC and TEAP had exceeded their remits by effectively establishing new policy, in their adoption of guideline reduction rates and standardized phase-in schedules, which themselves appeared to have scant technical justification. One representative observed that the default phase-in schedules for alternatives had not been agreed within MBTOC, but appeared to have been imposed as a requirement by TEAP. She recalled that a technical study considered by the Executive Committee of the Multilateral Fund had identified three years as a reasonable time frame for the introduction of alternatives, which was not the same as the time frames recommended by TEAP.

49. Other representatives felt that the Committee should not adopt generic phase-in schedules, as the rate of adoption of alternatives would inevitably vary with the crop and the location; a case-by-case approach should be used instead. Similarly, some of the Committee’s conclusions that lower concentrations of methyl bromide could be used than proposed in nominations appeared to lack sufficient technical justification. Unless MBTOC was prepared to include citations of the trial data reports and other references that it had used to justify its decision not to recommend a nomination, or to recommend it at a lower rate, it might prove impossible for applicants to agree to and implement the recommendation until they had carried out their own trials to confirm the technical and economic feasibility of the dosage rates proposed by MBTOC.

50. One representative observed that ATOC had not had to adopt such procedures, but had nevertheless managed to supervise the reduction of essential-use exemptions for CFCs from 14,000 tonnes to 2,500 tonnes over six years. Accordingly, MBTOC should treat nominations submitted for critical-use exemptions for methyl bromide as reasonable, rather than with suspicion.

51. Another representative expressed concern that the Committee appeared to be requesting more information for nominations which it had placed in the “recommended” category, and sought confirmation that the purpose of such questions was to enable MBTOC to recommend approval of the full quantity requested, and not, as in the previous year, to change its mind about the categorization. He strongly urged that that situation, which had caused confusion and concern in the previous year, be avoided in the current and future assessment rounds. Other representatives were of the opinion that the criteria set out in decision IX/6 did not appear to have been applied equally to all nominations and that MBTOC should double-check that all nominations submitted in 2004 complied with decision IX/6.

52. Several representatives, however, stated their concern at the high volume of critical-use nominations being put forward by non-Article 5 Parties. This gave rise to concern in some Article 5 Parties in view of the adverse effects on prospects for trade in their products in those non-Article 5 Parties. That could not fail to have a negative impact on the efforts of Article 5 Parties to phase out methyl bromide, particularly those that had adopted accelerated phase-out schedules. One representative suggested that there be a cut-off date after which no further critical-use exemptions should be allowed. Another proposed that the cost of phasing out methyl bromide in non-Article 5 Parties should be met out of the substantial agricultural subsidies used by those countries.

53. One representative of a non-Article 5 Party, however, reminded the meeting that many non-Article 5 Parties had succeeded in phasing out as much as 97 per cent of the total volume of ozone-depleting substances originally used. Critical-use nominations for methyl bromide amounted to a total of only about 9,000 ODP-tonnes, which should be compared to the more than one million ODP-tonnes of ozone-depleting substances already phased out. Clearly it was important to continue with the phase-out, but the last few per cent were always the most difficult, and the meeting needed to recognize the genuine efforts being made to phase out methyl bromide by those Parties putting forward critical-use nominations. He cautioned Article 5 Parties against pressing for an excessively harsh approach to assessing nominations which they themselves would be applying for in a few years’ time.

54. Mr. Banks concluded by stressing that MBTOC and TEAP were entirely prepared to review its recommendations, and it was up to the Parties to decide on the procedures and criteria that it should use. He looked forward to the discussions by the Working Group on the debates within the ad hoc working group on methyl bromide, which would help to give guidance to MBTOC for its future work.

55. He reported that the co-chairs and members of MBTOC had had meetings with representatives of several Parties submitting critical-use nominations. The bilateral process had proved most productive, with many problems being resolved much more efficiently than attempting to do so by correspondence.

56. MBTOC had suggested that the answers to requests for further information should be received by 16 August for its consideration at the meeting to be held on 30 August in Bangkok. MBTOC would then expect to have completed finalizing its report for consideration by TEAP and publication in early October.

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) (agenda item 3 (e))

57. Introducing the subitem, the Co-Chair drew attention to the relevant paragraphs in the secretariat's background document on the issues under consideration (UNEP/OzL.Pro.WG.1/24/2), summarizing the findings by the task force on chillers.

58. The representative of an Article 5 Party, supported by another and by the representative of a non-Article 5 Party, drew attention to the gravity of the problem in his country, whose case had been studied by TEAP, and, in particular, to the financial implications of replacing CFC-based chillers. He suggested that consideration be given to developing a partial grant programme for time-bound projects for the phase-out of such equipment, which, on a recommendation from the Working Group and the Meeting of the Parties, could be funded from the Multilateral Fund. Given that CFC-based chillers were very inefficient in energy terms, he wondered whether such replacement projects might be considered under the clean development mechanism of the Kyoto Protocol to the United Nations Framework Convention on Climate Change. In addition, he suggested that non-Article 5 Parties could consider developing an exchange programme for Article 5 Parties operating obsolete chillers and, in particular, that they should be urged to halt the production of CFC-based chillers.

59. The representative of another non-Article 5 Party agreed that the issue was important in some Article 5 Parties and therefore consideration by TEAP of means of tackling the problem was to be welcomed. With regard to the issue of funding a replacement programme, however, he pointed out that proper management of a phase-out programme, involving the phased dismantling of outdated chillers and the banking of CFCs for use in chillers still in operation until such time as all CFC-based chillers were replaced, could be achieved at no incremental cost: such had been the experience in his country. Demonstration projects had also shown that the cost savings from replacement of CFC-chillers with more economical alternatives rendered additional funding unnecessary. Noting the observation in the task force report that information was hard to come by for decision makers in Article 5 Parties, who were largely in the private sectors and widely dispersed, he suggested that the provision of information to such decision makers could be the object of assistance, to be effected through the implementing agencies.

60. On the proposal of the Co-Chair, the representatives who had spoken on the issue agreed to formulate a draft recommendation, for further consideration and possible agreement by the Working Group to forward it to the Sixteenth Meeting of the Parties.

61. Subsequently, the representative of India, speaking on behalf of the four Parties that had contributed to the discussion, presented a proposal for a draft decision 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 the chillers for servicing needs.

62. Several representatives welcomed the draft decision, observing that it offered a way forward for a sector where relatively little progress had yet been made, and was of particular importance for countries using chillers extensively, for example in the public sector. The draft decision provided a way of building confidence in alternatives among users.

63. Responding to a question about the uneven impact of the proposal on the provision of funding from the Multilateral Fund, as only some countries used chillers extensively, the representative of India stated his belief that ozone-depleting substances should be phased out wherever they happened to be used. In any case, the draft decision was hardly exhaustive as it mainly proposed a series of additional demonstration projects. The meeting agreed to forward the revised draft decision, as set out in the annex to the present report, to the Sixteenth Meeting of the Parties.

F. Annual update on the use and emissions of n-propyl bromide (decision XIII/7, paragraph 3); review of requests for consideration of specific uses against decision X/14 criteria for process agents (decision XV/7, paragraph 3); 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) (agenda items 3 (d), (h) and (i))

64. The Co-Chair suggested, given that the three subitems were all chemicals-related and would be taken up by the Panel's new Chemicals Technical Options Committee, that they be considered in one cluster.

65. With regard to the review of requests for consideration of specific uses against decision X/14 criteria for process agents (item 3 (h)), one representative stressed the need for clear priorities and timelines to be established for the new Chemicals Technical Options Committee and reminded Parties that the addition by the Fifteenth Meeting of the Parties of two uses of controlled substances to table A was a provisional decision, to be revisited at the Seventeenth Meeting of the Parties after formal review by TEAP, and that new applications for process agents should be handled with great care in the light of formal reviews and recommendations by TEAP for changes to the table. The Co-Chair drew attention to the draft decision on the issue prepared for the Fifteenth Meeting of the Parties by the European Community, which was still under consideration and had been circulated as a conference room paper at the current meeting. Noting that the issue was also covered under agenda item 13, on the status of destruction technologies for ozone-depleting substances, he suggested, and the meeting agreed, that consideration of that proposal should take place in conjunction with agenda item 13.

66. With regard to the assessment of the development and availability of laboratory and analytical procedures that could be performed without using the controlled substances in Annexes A, B and C (groups II and III substances) (item 3 (i)), the meeting agreed to wait for the outcome of the work being conducted by TEAP on the issue.

67. With regard to the nomination of experts for vacancies within TEAP, one representative offered a proposal aimed at assisting TEAP and its technical options committees to promote a geographical and expertise balance. The proposal consisted in requesting the Ozone Secretariat to make available on its web site the list of expertise available and required, as identified by TEAP, as well as the guidelines for nominating experts by individual Parties, including any date by which nominations had to be submitted. The representative of TEAP announced that the Panel intended to follow that suggestion to post available positions on the web site, and update such postings as assignments changed and positions were filled.

G. 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); 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)); development of a timely plan of action to enable 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 (decision XV/11) (agenda items 3 (f), (j) and (k))

68. The Co-Chair recalled that, in accordance with decision XV/2, TEAP would be reporting on the issues to the Sixteenth Meeting of the Parties.

69. With regard to the availability of supply of CFCs and carbon tetrachloride required for basic domestic needs for Article 5 Parties for the period 2004–2010 (item 3 (f)), he drew attention to the relevant paragraphs of the Secretariat's background note on the issues (UNEP/OzL.Pro.WG.1/24/2).
70. Noting that certain important sector phase-out plans were still under way, in particular, in Venezuela and China, one representative suggested that TEAP be requested to take note of those activities as well in its report.
71. The meeting agreed that it looked forward to hearing the report on the issue to be presented by TEAP at the Sixteenth Meeting of the Parties.
72. On the issue of the use and replacement of methyl bromide in quarantine and pre-shipment uses (item 3 (j)), the Co-Chair drew attention to decision XI/13, paragraph 4 (b), on the survey commissioned by the European Community and processed through the Ozone Secretariat, responses to which had been required by 30 June 2004. The Executive Secretary informed the meeting that a few responses had been received while some had been sent directly to the consultant and that further information would be submitted by Parties as they were able to compile it.
73. A number of representatives noted the very detailed nature of the survey and said that, if they were to provide exhaustive responses, they would need considerably more time. Some even doubted that they would ever be able to answer all the questions: they simply did not have the necessary regulatory systems in place to gather the data required and some of the information sought was difficult to quantify. One representative noted that quarantine and pre-shipment data should be retrievable, since quarantine and pre-shipment treatments were authorized or performed by national plant, animal, health or stored product authorities. Representatives agreed on the vital importance of the data being gathered and the need for them to be rigorous and useful: accordingly, given the already heavy workload borne by MBTOC, various suggestions were made as to how the work could be carried forward.
74. Some representatives favoured deferring the exercise, until countries had the necessary systems in place to provide an exhaustive response. Other representatives felt that deferral was undesirable, given the importance and urgency of the matter and noted their concern at the substantial increase in volumes of methyl bromide used for quarantine and pre-shipment applications in recent years, particularly following the adoption of ISPM standard 15, approving the use of methyl bromide for the fumigation of wood packaging. In that context, they suggested that the Meeting of the Parties recommend to Parties to use only heat treatment for such purposes and refrain altogether from the use of methyl bromide and offered to prepare a draft recommendation on that matter for consideration by the meeting.
75. Another suggestion was that the questionnaire should be revised, to make it more manageable, although some representatives opposed that approach, given that a number of questionnaires had already been completed in their original format. In addition, one representative, supported by another, suggested that a task force could be established under TEAP to consider the matter, which could report to the Sixteenth Meeting of the Parties. Other representatives felt it was unnecessary to establish a separate task force on the matter and that, instead, interested Governments could be invited to a consultation on the survey, including the preparation of an agreed format for data submissions, to be held in conjunction with another ozone meeting.
76. Mr. Banks said that MBTOC would welcome a decision to devolve the task on another body under TEAP, given the volume of work involved. He agreed on the importance of the exercise and explained that the details in the survey were necessary in order to ascertain exactly what use methyl bromide was being put to, so that the Committee could advise Parties on feasible alternatives, and suggested that, where an exhaustive response to the survey was not possible, Parties might follow a sampling approach.
77. The Co-Chair suggested as a way forward that Parties continue to respond to the survey, completing it to the extent possible and that interested Parties should consult among themselves at the current meeting with a view to preparing a recommendation on the issue, giving consideration to such issues as the timing of the TEAP report arising from the survey and whether or not to amend the format of the survey questionnaire.
78. A draft recommendation was presented by Australia, also on behalf of Canada, Switzerland and the United States of America to the Working Group, which, despite a lengthy discussion, was unable to reach agreement. The proposing and dissenting members were therefore requested to hold further talks aimed at reaching a compromise solution that would enable the meeting to move forward on the issue, and report back thereon to the Working Group.

79. In reporting back, the representative of Australia thanked the members for their earlier comments in plenary and informed the meeting that, in the light of those comments, her delegation had been consulting bilaterally on the issues of quarantine and pre-shipment data collection, the time required for such data collection and the possibility of using a revised version of the existing survey form for that purpose. She said that her delegation intended to continue those discussions intersessionally with a view to presenting a revised proposal to the Sixteenth Meeting of the Parties.

80. The Co-Chair recalled that the item on the development of a timely plan of action to enable consideration of the possibility that modifying the regulatory requirements that mandate the use of halons on new airframes might be feasible without compromising the health and safety of airline passengers had been covered under the presentation and discussion of the TEAP progress report, which had noted that decision XV/11 had requested the Ozone Secretariat to initiate discussions with ICAO on the subject. A meeting had been held in March among ICAO, TEAP and representatives of the Ozone Secretariat, and further discussions would be held on the basis of data which had been requested by ICAO and subsequently provided by the Ozone Secretariat.

81. The Open-ended Working Group took note of the report on the item and looked forward to progress reports on further discussions among ICAO, TEAP and the Ozone Secretariat.

H. 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) (agenda item 3 (g))

82. Representatives of Article 5 Parties supported the TEAP conclusion about phasing out CFC metered-dose inhalers in non-Article 5 Parties, and it was also suggested that a study might be considered on the impact of such phase-out, to be submitted to the Open-ended Working Group at its twenty-fifth session. The representative of a group of non-Article 5 Parties supported the TEAP conclusion and stressed the importance of making greater efforts to accelerate the phase-out of CFC-containing metered-dose inhalers in non-Article 5 Parties. Representatives of several Article 5 Parties expressed their concern about the future availability of metered-dose inhalers in their countries in the light of the phase-out of CFCs in non-Article 5 Parties. In response, Mr. Woodcock reiterated the conclusion of the TEAP report, namely, that there would be no adverse impact in the near term. Article 5 CFC-producing Parties could continue to manufacture CFCs for metered-dose inhalers, and non-producing countries could import HFC metered-dose inhalers, which were generally available at a price similar to those of CFC inhalers.

83. In the light of that response, representatives requested ATOC to consider in its next report when, as CFC phase-out continued, Article 5 Parties might expect an adverse impact, and also to include comparisons of prices faced by Article 5 Parties – both producers and non-producers of CFCs for CFC metered-dose inhalers and alternatives.

84. Responding to a question about whether the reported re-opening of a CFC production facility in the United States of America to supply pharmaceutical-grade CFCs for metered-dose inhalers was in line with decision VII/9, the representative of the United States of America clarified that the reference was to an existing plant which had previously produced CFCs and was certifying its production to make pharmaceutical-grade CFCs. Another representative requested TEAP to keep Parties up to date with progress in the United States in revising its rules covering CFC metered-dose inhalers for salbutamol.

I. Other issues arising out of the 2004 TEAP progress report (agenda item 3 (l))

85. The Co-Chair noted that there were two issues arising, metered-dose inhaler data confidentiality and the operation of TEAP, both of which had been covered by the TEAP progress report.

86. With respect to confidentiality of data, he noted that TEAP had already applied some confidentiality criteria to its work, but had also suggested that Parties might wish to change the terms of reference of TEAP accordingly.

87. The Open-ended Working Group took note of the presentation by TEAP on these matters.

IV. 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) (agenda item 4)

88. The Co-Chair of the Open-ended Working Group introduced the item and invited the chair of the steering panel on the evaluation and review of the financial mechanism, Mr. Tadanori Inomata, to present the steering panel's progress report.

89. Mr. Inomata said that the steering panel had held four meetings since its establishment. He explained the steering panel's supervisory role over the work of the consultant hired to carry out the evaluation and described the guidance that it had provided thus far. The steering panel had proposed, and the consultant had adopted, an analytical approach, according to which the evaluation would focus on each of the items of the terms of reference for the study. It had been also agreed that, in the context of the study, the term "management of the financial mechanism" would refer not only to financial management, but also to the entire process of the financial mechanism. The consulting firm had been asked furthermore to develop and apply its own performance indicators, rather than merely identifying existing performance indicators. With regard to its review of the work, the steering panel had decided that it would not address the results of the consultant's work and would only review the study for possible factual errors or contradictions, the relevance of the results and the practicability of and substantiation for the recommendations.

90. The steering panel had also emphasized the need for transparency, in terms of informing the Open-ended Working Group on its role. It had instructed the consultant to submit the final evaluation report to the Secretariat eight weeks prior to the Sixteenth Meeting of the Parties, to allow time for the preparation of executive summaries of the final report in all United Nations official languages, and for distribution of the report. The amount allocated for the study had been fixed at \$400,000, with the standard contingency fee of 15 per cent in keeping with United Nation's financial rules. The steering panel was confident that it had given adequate guidance and advice to the consultant, while respecting the latter's independence with regard to the conduct of the evaluation. Parties were invited to comment on the initial draft report and to provide the steering panel with any further guidance on the work remaining to be done.

91. Following the presentation by the chair of the steering panel, the Co-Chair invited the consulting firm, ICF Consulting, to present a summary of the draft evaluation and review report.

92. The representative of ICF stressed that the draft report contained preliminary findings, which would be updated in the light of additional information that would be received after the draft report had been issued. He then outlined the study's objective, methodology for data collection, principal findings and main recommendations. He explained the scoring system developed for the evaluation, and said that the average score for each evaluation area showed the success and strength of the Montreal Protocol and its financial mechanism. There were, however, improvements that could be made in some areas, including the accuracy of current performance indicators, the transparency of the Treasurer's activities, the management of promissory notes and the timeliness of payments.

93. Following the presentation by the consultant, several representatives commended the steering panel and the consultant for the work done and said that they would take a detailed look at the final evaluation report when it was submitted. Since representatives sought clarification on certain points, the consultant was asked to give a fuller presentation on the evaluation's preliminary findings. After that presentation, which would take place during the current meeting, the Parties would be in a better position to provide the additional guidance requested by the chair of the steering panel.

94. The chair of the steering panel subsequently reported on discussions conducted at a technical presentation meeting held after the end of the morning session. The meeting had considered a range of matters, including those outlined earlier by the representative of ICF, and comments collected from delegations. Attention had been paid to such issues as the choice of indicators, a more compliance-focused approach for implementing agencies, comparisons between project funding sought, agreed and finally required, and comparisons between the Fund and similar bodies, such as GEF. He said that further comments from delegations could be received, but that those should be submitted as soon as possible. The members of the steering panel had been present throughout the meeting, and were of the view that the discussions had provided a sufficient basis for them to continue performing their supervisory role until the final report was produced, and to advise the Secretariat on whether and how to publish it in all United Nations languages.

95. One representative, however, differed with that conclusion, stating that, in his view, the presentation and discussion could not be used as a basis for providing further guidance to ICF, particularly as the Parties had not had the opportunity of debating any of those issues. He believed that the steering panel and the report had served their purpose, and that it was now up to the Parties to use the report to determine what recommendations they wanted to take forward to the Executive Committee and the Meeting of the Parties.

96. Following consultations, the same representative proposed that the meeting should take note of the report of the chair of the steering panel, and ask 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. The meeting agreed to that proposal.

V. Need for a study on the 2006- 2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol (see decisions XIII/1and XIII/2) (agenda item 5)

97. The representative of France introduced the proposal prepared by his country under the item, which had been circulated to the meeting in a conference room paper, and drew attention to the four primary reasons which had motivated its preparation, namely: 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.

98. In the ensuing debate, a number of representatives, some also speaking on behalf of groups of countries, expressed the view that the proposal raised questions which went considerably beyond the confines of the agenda item under consideration, namely, the level of the next replenishment. They urged that the proposal by France should therefore be separated from that discussion and taken up under another item, if at all. Agreeing on the importance of some of the issues which it raised, which some representatives mentioned as providing food for thought, they stressed that more time was needed by those delegations to study it carefully and to consult with their capitals before giving their response to the proposal.

99. With regard to the issues raised in the proposal, several representatives emphasized the need to maintain the distinct functions of the Multilateral Fund and GEF, while promoting the complementarity and synergies between them. It was also pointed out by a number of those who took the floor that the Multilateral Fund had been an exemplary funding mechanism, operating with a transparency and efficiency unmatched by any other such body and scoring unparalleled successes in its mandated tasks. Accordingly, they would not like to see any reduction of its role.

100. Accordingly, the Co-Chair proposed, and the meeting agreed, that France be invited to reconsider its proposal, in the light of comments by representatives in the current meeting and, if deemed appropriate, to amend it and to resubmit it for consideration by the Sixteenth Meeting of the Parties.

101. Following the discussion on the proposal submitted by France, the representative of the Netherlands introduced a proposal which it had prepared on the item, on behalf of 23 member States of the European Union, which had also been circulated to the meeting in a conference room paper. In the ensuing discussion, a number of suggested amendments to the draft were put forward by representatives. Accordingly, the Co-Chair proposed, and the meeting agreed, that Parties interested in the proposal and in its possible improvement meet in a small contact group to discuss those amendments and to prepare a revised version for consideration by the Working Group later during the meeting.

102. The representative of Barbados, speaking on behalf of the group of Latin America and Caribbean countries, introduced a proposal for a draft decision urging those non-Article 5 Parties which 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. She recalled that the consultants' report on the functioning of the Fund had identified non-payment of contributions as a shortcoming. Moreover, decision 39/5 of the Executive Committee of the Multilateral Fund had called for all remaining contributions for the 2003-2005 triennium from those countries that had not previously paid to be paid in order to enable Article 5 Parties to comply with the control measures. The matter was of particular importance in the context of the forthcoming replenishment of the Multilateral Fund.

103. The representative of the Czech Republic, speaking on behalf of the Eastern European non-Article 5 Parties, drew the meeting's attention to the economic problems associated with the radical transformation of society experienced by some non-Article 5 Parties of that regional group. He agreed with the need to ensure the effective operation of the Multilateral Fund, acknowledged that certain non-Article 5 Parties in the region were in arrears with their contributions but gave assurances that those Parties would do their best to ensure payment of contributions in full. He observed, however, that some Eastern European non-Article 5 Parties were even managing to contribute to GEF, which was helping with the phase-out of ozone-depleting substances in their neighbouring countries within the region, and also using bilateral development assistance to help fund ozone protection. He proposed an amendment to the text properly reflecting decision 39/5 of the Executive Committee.

104. Several representatives of Article 5 Parties endorsed the draft decision, observing that payment of contributions to the Fund was one of the obligations of non-Article 5 Parties. They recognized the problems experienced by some non-Article 5 Parties, but reminded the meeting that Article 5 Parties were also experiencing difficulties in meeting their obligations, and that the cause of ozone protection was a shared endeavour.

105. Representatives of Pacific island countries strongly supported the need for a study to replenish the Multilateral Fund. They drew attention in particular to the need to provide funding for new Parties to the Montreal Protocol, such as Niue, and to maintain the existing regional strategy arrangement.

106. One representative of a non-Article 5 Party wondered whether it was really necessary to single out countries which had not managed to pay their contributions. The representative of another non-Article 5 Party, however, pointed out that some non-Article 5 Parties had never paid any contributions to the Multilateral Fund, and that this was an important policy issue, particularly in the context of the forthcoming replenishment of the Fund; he endorsed the draft decision.

107. The meeting agreed to forward the draft decision presented by Barbados, with one amendment, to the Sixteenth Meeting of the Parties.

108. The representative of France, referring back to the proposal which his delegation had presented earlier and which had already been discussed by the meeting, said that, following further consideration of the issue, it was his delegation's view that the group proposal on the terms of reference for a study on the 2006–2008 replenishment should be considered in conjunction with the draft it had submitted on optimizing the operation of the Fund and GEF in the context of that replenishment and that further consultations on both texts should be conducted with national authorities. Accordingly, his delegation wished both texts to be forwarded to the Meeting of the Parties, for its consideration.

109. Following that statement, the Co-Chair proposed, and the meeting agreed, that the text of the group proposal tabled by the Netherlands on the terms of reference for a study on the 2006–2008 replenishment should be forwarded, as amended through the contribution provided during the plenary discussions by some Parties and as set out in the annex to the present report, to the Sixteenth Meeting of the Parties for its further consideration. In addition the Co-Chair recalled that the meeting had already agreed earlier that the proposal submitted by France would be considered intersessionally for possible resubmission to the Sixteenth Meeting of the Parties. At the time of adoption of the report, the representative of Japan gave an explanation of the position of his Government in favour of the French proposal.

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

110. The Chair of the Executive Committee recalled that, in decision XV/48, the Meeting of the Parties had 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 given in the annex to that decision, and also 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 UNEP on that matter and report thereon to the Sixteenth Meeting of the Parties.

111. She explained that the proposal of the former Chair of the Executive Committee referred to in the decision was couched in the following terms:

“Add the following understanding on paragraph 10 (k) of the terms of reference of the Executive Committee:

“The Executive Committee should prepare a short list of the eligible candidates, together with its recommendation, from which the Secretary-General would make a final selection.””

112. Pursuant to that decision, the Executive Committee had adopted decision 42/48, requesting the Chair, on its behalf, to enter into consultations with the Secretary-General of the United Nations, the Executive Director of UNEP, the United Nations Office of Human Resources Management, and the United Nations Office of Legal Affairs regarding the terms of reference of the Executive Committee and the legal and administrative implications relating to this matter and to report to the Committee at a future meeting. Further to those decisions, she had held a meeting with the Executive Director of UNEP and sought his advice and comments. The Executive Director had indicated that the Multilateral Fund and the Executive Committee were subject to the general operating procedures of the United Nations and that the prerogative of appointing the Chief Officer of the Multilateral Fund Secretariat lay with the United Nations Secretary-General alone, who might seek opinions on the persons to be nominated.

113. She had subsequently sent a note on the subject to the United Nations Secretary-General, with copies to the Assistant Secretary-General for Human Resources, Ms. Rosemary McCreery and Under-Secretary-General for Legal Affairs, Mr. Hans Correl. The Assistant Secretary-General for Human Resources had confirmed that the notes had been received, and that a response would be forthcoming. The Executive Director of UNEP had also undertaken to amplify his verbal comments in a note. None of those responses had yet been received, however. The Executive Committee had requested her to continue her contacts with the United Nations, and to submit a report thereon to the Sixteenth Meeting of the Parties.

114. A number of representatives said that they might make comments on the matter in due course, perhaps in consultation with other delegations, and one representative, speaking on behalf of a regional grouping, expressed the view that the role of the Executive Director was solely to receive the recommendations made by the Executive Committee and forward them to the United Nations Secretary-General, without additions or subtractions. One representative stated that decision XV/48 provided an opportunity for Parties to present proposals for improving the selection process of the Chief Officer. In that regard, one aspect which could deserve greater consideration was the lack of participation of the Meeting of the Parties in the selection of the Chief Officer.

115. The Open-ended Working Group took note of the report from the Chair of the Executive Committee.

VII. Consideration of the implementation and operation of decision XV/3 on obligations of Parties to the Beijing Amendment under Article 4 of the Montreal Protocol with respect to hydrochlorofluorocarbons (agenda item 7)

116. The Executive Secretary drew the attention of the meeting to document UNEP/OzL.Pro.WG.1/24/3, noting that it tabulated the non-Article 5 countries that had, or had not, ratified the Copenhagen and Beijing amendments, and showed whether or not they had submitted data on HCFCs in accordance with paragraph 1 (c) (iii) of decision XV/3.

117. He also recalled that the same decision stated that “the Parties shall consider the implementation and operation of the foregoing decision at the Sixteenth Meeting of the Parties, 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.” He noted that the Implementation Committee was due to meet immediately following the meeting of the Open-ended Working Group.

118. One representative, speaking as a member of the Implementation Committee, raised the issue of European Community member States that were not parties to the Beijing Amendment, although the European Community was a party to it, noting that it brought up issues of competence. The representative of the European Community stated that the European Community was competent to act

on behalf of the Member States in that regard, and said that it would forward to the Ozone Secretariat the relevant declaration of competence. The representative of the Ozone Secretariat clarified that the declaration should be submitted to the depositary, the Secretary-General of the United Nations.

119. Another representative expressed doubts that the declaration of competence would entirely resolve what his delegation saw as a problem, namely, that allowing the European Community to act on behalf of Parties that had not ratified the amendments entailed the risk that such countries would never feel the need to bind themselves by the obligations of those amendments.

120. One representative, noting that decision XV/3 gave special treatment to Parties that had not ratified the Beijing Amendment, stressed that the decision was an exceptional measure. He called for early ratification by all Parties, saying that that would prevent any confusion in the trade in HCFCs.

121. The representative of Brazil announced that his country had recently ratified the Beijing and Montreal amendments. The representative of the Islamic Republic of Iran announced that his country was in the process of ratifying the Beijing Amendment. The representative of El Salvador sought clarification of the provision in decision XV/3 that the term "State not Party to this Protocol" would not apply to States operating under Article 5 until 1 January 2016. In response, the Executive Secretary undertook to consult with the representative and provide any needed clarification.

122. The representative of the Russian Federation expressed surprise that the table in document UNEP/OzL.Pro.WG.1/24/3 showed his country as not having reported data, whereas the data had been handed to the Ozone Secretariat in Montreal in March 2004. The representative of the Ozone Secretariat undertook to verify the information and if necessary a corrigendum to document UNEP/OzL.Pro.WG.1/24/3 would be issued.

123. The Open-ended Working Group took note of document UNEP/OzL.Pro.WG.1/24/3 and noted that it would be forwarded to the Implementation Committee for its consideration.

VIII. Consideration of reports on monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances (decision XIV/7) (agenda item 8)

124. The Co-Chair drew the meeting's attention to decision XIV/7, in paragraph 6 of which the Parties had requested the UNEP Division of Technology, Industry and Economics to report to the Sixteenth Meeting of the Parties, through the Executive Committee of the Multilateral Fund, on the activities of the regional networks in combating illegal trade in ozone-depleting substances. In the same decision, the Parties had also requested the Executive Committee to consider conducting an evaluation of projects for customs officer training and licensing systems and to report thereon, if possible, to the Sixteenth Meeting of the Parties.

125. The Chief Officer of the Multilateral Fund Secretariat reported that the Executive Committee had discussed both issues at its forty-third meeting, just prior to the meeting of the Open-ended Working Group. The Executive Committee had considered a report from the UNEP Division of Technology, Industry and Economics on the relevant activities of the regional networks, and an updated report would be submitted to the Ozone Secretariat by mid-September, in time for it to be circulated before the Sixteenth Meeting of the Parties. The Executive Committee had also considered a report drawn from past evaluations of customs training and licensing system projects, but had concluded that the situation described was outdated, and that a new evaluation should be conducted. That evaluation would be submitted to the Seventeenth Meeting of the Parties.

126. One representative observed that, in many countries, in addition to customs departments, police and other law officers played a crucial role in combating illegal trade in ozone-depleting substances. He expressed the hope that training programmes would be extended to such agencies. He also noted that it would be helpful for regulations governing ozone-depleting substances to be harmonized within regional groups of countries, and for countries hosting production facilities for ozone-depleting substances to consider establishing codes of conduct for manufacturing companies to ensure that their products did not enter illegal trade.

127. The representative of Tonga, speaking on behalf of the group of Pacific island countries, reported that five members of the group expected to be able to approve regulations governing ozone-depleting substances by the end of 2004, and that the establishment of licensing systems and

training of customs officers would follow. She sought to know whether the new Pacific island Parties to the Montreal Protocol could be included in the UNEP South Pacific Regional Environment Programme (SPREP) regional strategy to implement the Montreal Protocol.

128. The meeting agreed to take note of the report of the Chief Officer of the Multilateral Fund and to discuss the full report of the UNEP Division of Technology, Industry and Economics at the Sixteenth Meeting of the Parties.

IX. 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 (UNEP/OzL.Pro.15/9)) (agenda item 9)

129. In introducing the item, the representative of the Secretariat drew attention to the document bearing the update on the consideration of the use of the United Nations Globally Harmonized System for the Classification and Labelling of Chemicals (UNEP/OzL.Pro.WG.1/24/4). The document contained an extract of the report of the December 2003 meeting of the Economic and Social Council's Subcommittee of Experts on the Harmonized System.

130. The representative of the Secretariat added that, in response to requests from the Parties to the Montreal Protocol, the Subcommittee of Experts had agreed to set up a correspondence group to classify ozone-depleting substances and mixtures as part of the Harmonized System. Although the Secretariat had suggested that the Subcommittee should not begin work on the issue until it had received full guidance from the Meeting of the Parties to the Montreal Protocol, the Subcommittee had decided to go ahead regardless, though it had also recognized that it would need to coordinate closely with the Secretariat and the Parties to the Montreal Protocol.

131. Representatives expressed appreciation to the Secretariat for its report and noted that close cooperation between the Parties to the Protocol and the Subcommittee of Experts would be necessary to ensure that any future incorporation of ozone-depleting substances into the Harmonized System was achieved in such a way as to maximize the benefits for ozone protection. It was hoped, for example, that adopting a comprehensive labelling scheme might help to combat illegal trade in ozone-depleting substances, though it was important to avoid imposing too great a burden on manufacturers and shippers of these substances.

132. The meeting agreed that the Secretariat should continue to work closely with the Subcommittee and keep the Parties to the Protocol advised of progress, including reporting on the outcomes of the Subcommittee meeting being held concurrently with the meeting of the Open-ended Working Group.

X. 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 (agenda item 10)

133. In introducing the item, the representative of the Secretariat drew attention to the Secretariat's report on the earlier reporting of consumption and production data contained in document UNEP/OzL.Pro/WG.1/24/5. He recalled that decision XV/15 had encouraged the Parties to submit data on the consumption and production of ozone-depleting substances by 30 June each year, rather than by the 30 September deadline set in Article 7 of the Montreal Protocol, to facilitate the work of the Implementation Committee in drawing up its recommendations on compliance issues.

134. The document, which contained details of the number of Parties submitting data by 30 June for each year since 2000, showed that the recommendation appeared to have had a dramatic effect, with a sharp rise in the number of Parties submitting data by 30 June 2004 compared to previous years. One further Party, Belarus, had submitted data but had inadvertently been omitted from the list, bringing the total to 96 out of 182 Parties meeting the 30 June deadline.

135. The representative of Malaysia observed that his country had submitted data on 23 May 2004, and should therefore also have been included in the list. Representatives of several other Article 5 Parties, however, pointed out that they would experience real difficulties in collecting data that early in the year, particularly where information needed to be collated from many different enterprises, and that it was important to remain flexible about the deadline. Some representatives observed that, in spite of the encouragement to report the data by 30 June, they wished to maintain the deadline for data reporting as currently reflected under the Montreal Protocol, 30 September of each year.

136. The Co-Chair clarified that no proposal was being made to change the 30 September deadline contained in Article 7 of the Protocol, and that submission by the 30 June date was encouraged, rather than required. The meeting agreed to take note of the report.

XI. Issues arising from the Extraordinary Meeting of the Parties (agenda item 11)

A. Elaboration of the criteria and methodology for authorizing multi-year exemptions of methyl bromide consumption (decision Ex.I/3, paragraph 6) (agenda item 11 (a))

137. The Co-Chair introduced the item and recalled paragraph 6 of decision Ex.I/3 of the first Extraordinary Meeting of the Parties which had taken note of a proposal submitted by the United States of America that, where 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 decision had also provided for the establishment of criteria and methodology for authorizing multi-year exemptions.

138. One representative noted that progress had been made as a result of decision Ex.I/3 and outlined some of the potential advantages of multi-year extensions of critical-use exemptions. Those advantages included the possibility of providing greater certainty to the user community regarding weed and pest control, as well as to manufacturers that were taking steps to phase out methyl bromide. Furthermore, multi-year exemptions would reduce the administrative burden for requesting Parties and the Meeting of the Parties by streamlining the presentation and consideration of critical-use exemptions.

139. He then announced that a conference room paper would be circulated to the meeting, outlining the proposed methodology and criteria, which essentially provided for requests for multi-year exemptions to be considered by MBTOC using the same procedure as that applied to single-year requests. Another representative pointed out that, since the issue of critical-use exemptions was very sensitive, the conference room paper should include provision for declining consumption and for a clear cut-off date.

140. Subsequently, the United States of America presented its draft proposal on the granting of multi-year exemptions for certain critical uses of methyl bromide. The representative of the United States of America introduced his country's draft, explaining why it had deemed such a proposal worthwhile and outlining its salient features. He pointed out that the proposal was essentially a framework, and was not meant to apply specifically to the situation in his country; furthermore, by applying the same approval approach as for single-year exemptions, it promoted transparency, gave greater flexibility to users in making decisions relating to options and significantly reduced the administrative burden on MBTOC and the Meeting of the Parties in reviewing and taking decisions on individual cases. The United States believed that a multi-year exemption approach was conducive to building confidence among Parties, enabling them to demonstrate a downward trend in consumption and production.

141. In the ensuing debate, one representative whole-heartedly endorsed the proposal, agreeing that the multi-year approach was indeed conducive to flexibility and transparency and would help build confidence, by enabling Parties to demonstrate real efforts to reduce production and consumption. Others expressed a more qualified support for the proposal, agreeing that the principle of multi-year exemptions was sound and welcoming any proposal that would promote transparency and enable Parties to predict downward trends, but wondering whether the granting of multi-year exemptions might not encourage Parties to exaggerate their needs over several years, a tendency already apparent in some applications for single-year exemptions, and discourage the commercial development of alternatives. Furthermore, the representative of the European Community, speaking also on behalf of the 25 member States of the European Union, pointed out that the time lag between the granting of the exemption and

the consequent licensing of the product would result in different regimes for multi-year users and single-year users, and might therefore be regarded as unfair. Another representative wondered whether the multi-year exemption approach was entirely consistent with the provisions of decision IX/6 and questioned what would happen if alternatives became available during the course of a multi-year exemption. Another representative was also concerned that the proposal did not place sufficient emphasis on the need for a downward trend in consumption leading to full phase-out, a position to which her country was committed.

142. In response to those and other observations, the representative of the United States of America assured the meeting that his delegation's intention, in formulating the proposal, had been to ensure that multi-year exemptions would be granted on exactly the same footing as single-year exemptions and that their review would, accordingly, fit in with the normal MBTOC review schedule. He expressed the readiness of his delegation to consult with other interested Parties that had expressed reservations about aspects of the proposal, with a view to modifying its language and explaining other issues, such as the licensing implications, so as to meet their concerns. He stressed, however, that the proposal was intended to provide a framework for such a system and not to prepare a specific multi-year exemption for his own country, and hoped that discussion could continue on the proposal with a view to its resubmission at the Sixteenth Meeting of the Parties.

143. Following those explanations, the representative of an environmental non-governmental organization expressed concerns, in the context of the United States proposal, about that country's policy on methyl bromide use, citing discrepancies which his organization had observed in the official statistics of methyl bromide use and noting that the country's declared stockpile was far in excess of normal requirements, representing some 40 per cent of its baseline. In response, the representative of the United States explained that data on methyl bromide use were gathered by different agencies in her country and not all the data had been officially verified; furthermore, stockpile figures were categorized as confidential business information and could not be disclosed. She also pointed out that, in any event, the United States stockpiles were not restricted to its own farmers and were available for use by other countries.

144. Upon conclusion of the debate, the Co-Chair proposed, and the meeting agreed, to forward the draft proposal, in square brackets and as set out in the annex to the present report, to the Sixteenth Meeting of the Parties for its consideration.

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 of the Parties (decision Ex.I/4, subparagraphs 9 (f) and (g)); modification of the Handbook on Critical Use Nominations (decision Ex.I/4, subparagraph 9 (k)) (agenda items 11 (b) and (d))

145. The Co-Chair proposed and the meeting agreed to consider the two subitems in one cluster.

146. At the invitation of the Co-Chair, the co-chair of MBTOC, Mr. Banks, made a presentation on both topics. He noted that a draft of the accounting framework had been circulated and explained that it had been modelled on the existing accounting framework for essential-use nominations, with some changes appropriate to the particular characteristics of critical-use nominations. A draft of the handbook on critical-use nominations had also been circulated and 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. All input on the framework and the handbook would be collated and inserted in a revised draft of each document to be presented at the Sixteenth Meeting of the Parties.

147. Several representatives described the documents presented by MBTOC as providing a good basis for moving toward a version of the accounting framework and the handbook that could be accepted by the Parties. It was, however, necessary to collect further comments from the Parties, both during the meeting and intersessionally. To that end, it was desirable to post the revised documents on the Secretariat's web site and set a deadline for submission of those comments, so that they could be incorporated in the next version of the handbook in time for it to be considered for possible adoption by the Sixteenth Meeting of the Parties. One representative, whose delegation supported that approach, recalled that the format for the critical-use exemption report, as described in paragraph 9 (g) of decision Ex.I/4, was intended, among other things, to serve as a streamlined re-application form for

single-year exemptions. On that basis, he suggested that the format should also be incorporated into the revised handbook. One representative stressed the importance of having the revised version of the handbook posted in French and Arabic.

148. In response to a question about the status of a format for a critical-use exemption report, as described in paragraph 9 (g) of decision Ex.I/4 of the first Extraordinary Meeting of the Parties, Mr. Banks explained that the report format had not yet been worked out, but would be prepared in time for the Sixteenth Meeting of the Parties.

149. Following the discussion, the Open-ended Working Group decided to ask the Secretariat to post the framework for accounting and the handbook on critical-use exemptions on its web site. Parties were requested to make comments thereon by the end of August 2004, to enable the Secretariat to place a revised version of each document on the web site by the end of September 2004. All efforts would be made to provide language versions of the revised documents.

C. Report of the ad hoc working group on procedures and terms of reference of the Methyl Bromide Technical Options Committee as they relate to the evaluation of nominations for critical-use exemptions (decision Ex.I/5, paragraphs 5 and 6) (agenda item 11 (c))

150. Introducing the subitem, the Co-Chair recalled the composition of the ad hoc working group, as mandated by paragraph 3 of decision Ex.I/5, which had comprised 12 representatives from Article 5 Parties and 12 from non-Article 5 Parties and a co-chair from each group and drew attention to the report of its work over the three days of its meeting, contained in document UNEP/OzL.Pro/AHWG.MBTOC/1/3, and to the informal paper presenting the preliminary views and reflections of its two co-chairs, which was also before the current meeting.

151. The co-chairs of the ad-hoc working group reviewed the work of the ad hoc group, which had conducted its work in a positive and constructive attitude, as evidenced by the large number of substantive proposals put forward by representatives, but had been prevented from concluding by the limited time available. Proposals which had been considered by the group were forwarded to the Working Group as agreed text; those on which there had not been agreement or which the ad hoc group had been precluded from considering by time constraints were forwarded, in square brackets, for consideration by the Working Group.

152. In conclusion, the co-chairs of the ad-hoc working group summarized, as agreed outcomes of the consultations held thus far, that, with regard first to the issue of membership, both continuity and reasonable turnover were important, and that it was vital to maintain the necessary level and range of expertise on MBTOC. In addition, preference should be given to Article 5 candidates when filling vacancies, in order to meet the overall goal of achieving a representation of about 50 per cent from Article 5 Parties on the Committee. Second, in its future report, MBTOC should give a very clear substantiation of its recommendations, both positive and negative. Third, in view of the heavy workload borne by the Committee, the effectiveness of communications should be significantly enhanced, including by increasing the role performed by the Secretariat in the administrative processing of critical-use nominations. Fourth, and last, they expressed the hope that the work performed by the ad hoc group would facilitate discussions by the Working Group at its current meeting and that substantive debate on the issues would be carried further.

153. Following a discussion, in which the Co-Chair commended the ad hoc group on the progress it had achieved on difficult issues and regretted that the limited time available had prevented it from moving forward on other substantive issues, such as the guidance to be given to MBTOC by Parties, and representatives suggested various options for further work on the issue, the Co-Chair suggested, and the meeting agreed, that a contact group would continue to consult in the margins of the current meeting, under the chairmanship of Mr. Maas Goote (Netherlands), for the non-Article 5 Parties, and Mr. Oladapo Afolabi (Nigeria), for the Article 5 Parties. It would base its consultations on the conference room papers that had been forwarded to the Working Group by the ad hoc group, plus any additional papers to be presented by delegations during the current meeting.

154. The co-chairs of the contact group reported back to the meeting. The contact group had consolidated the work done by the ad-hoc working group on procedures and terms of reference of MBTOC, following which it had identified certain pending issues. The major such issue was the need for further guidance from the Parties regarding decision IX/6. The co-chairs of the contact group therefore pointed to the urgent need for further deliberations on that issue, and recommended that the ad-hoc working group should be reconvened prior to the Sixteenth Meeting of the Parties. Parties would furthermore be asked to provide input intersessionally to facilitate the work of the reconvened ad-hoc working group.

155. Following the introduction, a discussion ensued in which logistical questions were raised and answered. Parties would be asked to submit to the Secretariat their comments on the issue of further guidance, referred to in paragraph 2 (g) of decision Ex.I/5 as it stood, by 1 October 2004; those comments would be posted on the Secretariat's web site and forwarded to the ad hoc working group. In response to a question by a representative of TEAP, it was stated that the TEAP and MBTOC co-chairs would be invited under the same conditions set out in decision Ex.I/5, which had convened the ad hoc working group for the first time. It was also clarified that the issue of conflict of interest was another pending item to be addressed by the ad hoc working group.

156. Following the discussion, the Open-ended Working Group decided to reconvene the ad hoc working group on procedures and terms of reference of MBTOC for a two-day meeting immediately preceding the Sixteenth Meeting of the Parties to be held in Prague, to discuss, as its central issue, further guidance for the application of the criteria set forth in decision IX/6. In addition to the comments received from Parties on the issue of further guidance, the three relevant conference room papers would be forwarded to the ad-hoc working group as the basis for its work.

XII. Consideration of methyl bromide issues and proposals submitted by certain Parties (agenda 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)) (agenda item 12 (a))

157. The representative of Kenya introduced a proposal for a draft decision on trade in products and commodities treated with methyl bromide. He reiterated his country's commitment to the phase-out of methyl bromide, but believed that it had to be carried out in a way which did not harm Parties which currently used it. His country, along with many other developing countries, was highly dependent on agriculture as a major source both of foreign exchange earnings and employment. Trade restrictions applied by non-Article 5 Parties against products treated with, or grown in soil treated with, methyl bromide were therefore deeply harmful to many developing countries' economies and societies, and seemed particularly unfair when many non-Article 5 Parties were requesting considerable quantities of methyl bromide for critical uses. His proposal aimed to ensure that such trade restrictions were not applied against Parties that were in compliance with the Protocol. He also suggested that it would be helpful if TEAP could provide an assessment of the impacts of trade restrictions, if possible on a region- or country-specific basis.

158. Representatives of several Article 5 Parties expressed their support for the draft decision, observing that trade restrictions against products treated with, or grown in soil treated with, methyl bromide went beyond the requirements of the Montreal Protocol, and were particularly disturbing given continuing uncertainty over the availability of alternatives for some uses. Efforts to fulfil the environmental objective of sustainable development should not be allowed to compromise its other, economic and social, objectives, and the provision of assistance with the development of alternative solutions was a much better outcome than the imposition of trade restrictions. Developing countries could not meet their priority objective of combating poverty if obstacles such as those were put in their way. Some representatives also felt that the trade restrictions might be in conflict with requirements of the World Trade Organization (WTO).

159. One representative of a non-Article 5 Party observed, however, that, while his country was firmly opposed to trade restrictions of that kind, decisions not to import commodities or products treated with, or grown in soil treated with, methyl bromide were in reality reached by the private sector, not by Governments. He asked whether there was any real evidence that those decisions were influenced in any

way by Governments. He also felt that a study by TEAP would be inappropriate and that the matter might be better considered by appropriate bodies within WTO, such as the Committee on Trade and Environment or the Committee on Technical Barriers to Trade.

160. One representative recalled decision V/17, which had requested TEAP to review the feasibility of banning or restricting the import of products produced with, but not containing, controlled substances at regular intervals, and suggested that TEAP might therefore be asked to carry out a study. Another representative, however, observed that decision V/17 had referred to restrictions on trade with non-parties and was therefore not relevant to the current discussion.

161. Other representatives suggested a series of amendments to the text of the draft decision, which the representative of Kenya promised to consider.

162. Following some time for reflection and consultation, the representative of Kenya indicated his agreement with all the modifications that had been proposed by Parties, and thanked them for their input. The meeting agreed to forward the revised draft decision, in square brackets and as set out in the annex to the present report, to the Sixteenth Meeting of the Parties.

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) (agenda item 12 (b))

163. The representative of Sri Lanka, speaking on behalf of 21 countries in the south Asia and south-east Asia-Pacific regions, introduced a draft decision requesting the Secretariat to carry out a study into the feasibility of developing a system of tracking trade in ozone-depleting substances, including trans-shipment, import and re-export and transit trade. The Fifteenth Meeting of the Parties had considered a similar draft decision but had decided to defer consideration to the current meeting of the Open-ended Working Group. In the meantime, a joint meeting of the two regional networks, including ozone and customs officers, implementing agencies and other individuals, had discussed the issue and reiterated its importance. Many countries in the region were facing problems with controlling illegal trade, and expected them to get worse, and effective means of tracking trade in ozone-depleting substances would help in tackling them.

164. One representative recalled that the proposal for tracking transit trade had been included in a meeting document: the study on monitoring of international trade and prevention of illegal trade in ozone-depleting substances, mixtures and products containing ozone-depleting substances, prepared pursuant to decision XIII/12 and contained in document UNEP/OzL.Pro.WG.1/22/4) discussed at the Working Group meeting of 2002, and believed that it had been rejected, in subsequent discussions, as infeasible or at least not cost-effective. In response to that observation, another representative drew attention to paragraph 179 of the report of Fifteenth Meeting of the Parties, which only stated that the discussions over decision XIV/7 at the Fourteenth Meeting of the Parties had concluded that the means of controlling transit trade would be excessively onerous. One representative expressed concern that the inclusion of provisions for monitoring transit trade in licensing systems might make policy makers reluctant to introduce and implement licensing systems of any kind. Encouraging ratification of the Montreal Amendment, and ensuring that import and export licensing systems were implemented, should remain the key priority.

165. A number of representatives welcomed the draft decision, stating that the results of the proposed study would prove very helpful in efforts to combat illegal trade in the region. One representative urged the Parties to consider approving that study, as it was not likely to cost much.

166. The meeting agreed to forward the draft decision to the Sixteenth Meeting of the Parties, in square brackets for its consideration. Following the suggestion by a representative, the Co-Chair requested the Secretariat to include in the note that would accompany the draft decision a summary of the discussions on the issue within the expert group that had discussed the draft report in 2002.

167. The representative of Georgia, speaking on behalf of nine countries in Europe and central Asia, introduced another proposal for a draft decision on illegal trade in controlled substances. The proposal arose out of a growing concern with the problems of illegal trade in ozone-depleting substances and the lack of effectiveness of import and export licensing systems in combating it. Decision IX/8, which had accompanied the Montreal Amendment, establishing the requirement for licensing systems, had stated that the licensing system should allow "cross-checking of information between exporting and importing countries", but in practice that rarely occurred. His proposal was therefore designed to ensure that

exporting Parties sought information from importing Parties on whether the importing companies possessed valid licences and whether the quantities imported were within the importing Party's quota.

168. Representatives recognized the importance of combating illegal trade and expressed interest in the proposal. One representative recalled that decision VII/30 had established a similar requirement for exports of ozone-depleting substances for feedstock, where the importers, prior to export, had to provide the exporters with a commitment that the substances would actually be used for feedstock.

169. Some representatives, however, queried whether the draft decision would place a new legal requirement on exporting Parties; one representative wondered whether it would require an adjustment to the Protocol. Others expressed their concern that the proposal would impose an excessive burden on national ozone units, requiring them to respond to numerous requests for information from exporting Parties. Other representatives observed that the proposal was very similar to the prior informed consent system currently being established in many countries under the Rotterdam Convention on the Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade. The Convention did not extend to ozone-depleting substances, however, and Parties would need some time to consider the implications.

170. It was also suggested that the proposal should be modified to apply to importing Parties, which should carry the main responsibility for combating illegal trade; the text could be changed to require national ozone units in importing Parties to seek information from the countries of export. One representative suggested that the term "national ozone units" should be replaced by "appropriate national body", as many national ozone units were not responsible for issuing import and export licences. Another representative suggested that the administrative burden could be reduced by using a web-based system for the exchange of information.

171. The representative of the Environmental Investigation Agency expressed his concern that, although the creation of the licensing system was the main accomplishment of the Montreal Protocol in combating illegal trade, in practice it was failing to achieve that objective. Although decision IX/8 had envisaged that export and import licences would be cross-checked against each other, in reality there was no coherent sharing of information between countries. Analysis of customs data revealed wide discrepancies in export and import data; in one example, in every year from 2001 to 2003 a major ozone-depleting substance-producing country had recorded exports to one importing country of over 1,000 tonnes higher than recorded imports in the destination country. In addition, the current list of national focal points was seriously outdated.

172. The problem seemed likely to get worse as phase-out proceeded, and it was possible that illegal production would emerge to meet demand. There were already many cases of CFC-12 being transported in cylinders marked as R-134a. Controls were particularly weak in cases of transit trade. It was clear that the Parties to the Montreal Protocol needed to adopt a system which would effectively track trade in ozone-depleting substances, by expanding the current licensing system to include cross-checking of licenses and quotas in the recipient country prior to export.

173. The Co-Chair suggested that the representative of Georgia should consult with interested Parties before the Sixteenth Meeting of the Parties and submit the proposal in a revised form. It was also suggested that the sponsors of the draft decision should request the Secretariat to circulate a letter to all Parties with a formal request for reactions to such a proposal; this would facilitate consultations with relevant authorities, such as customs agencies, whose views on the proposal would be valuable for future discussions.

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); request to Technology and Economic Assessment Panel 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.*) (agenda items 12 (c) and (d))

174. The Co-Chair of the Working Group invited the representative of Burkina Faso to introduce two conference room papers presented by various African countries. The first paper contained a draft decision regarding a request for assistance for technical and economic support, and a request for translation of documents issued by MBTOC. The second paper contained a draft decision requesting TEAP to provide the scientific and technical basis for certain importing countries' requirement to disinfect foodstuffs using methyl bromide.

175. In the ensuing discussion on the first paper, it was pointed out that the Multilateral Fund had had rigorous criteria and guidelines to fund methyl bromide phase-out projects, which involved considerable technical and economic support to enable their implementation. Some clarification was requested with regard to what specific additional technical and economic support was being requested. With regard to the translation of relevant documents, the concern for important information to be available in all official United Nations languages was acknowledged. It was nevertheless pointed out that the terms of reference of TEAP and MBTOC specifically stated that their meetings and documents would be in English only. That notwithstanding, it was recognized that some essential elements of those documents, particularly those relating to alternatives, could be considered for translation, subject to the cost implications.

176. The representative of the Secretariat announced that the Secretariat would report on the cost implications of translation at the Sixteenth Meeting of the Parties. One representative offered to work bilaterally with Burkina Faso to define the exact nature of the additional technical and economic assistance requested. Clarification was also requested on the exact nature of the documents requiring translation. Another representative brought up the issue of the availability of language versions of documents on the Secretariat's web site. The representative of the Secretariat informed the meeting that the web site was being updated and, when ready, would feature documents in all six official United Nations languages, where available.

177. Following the discussion, the Open-ended Working Group decided to forward the draft decision on the issue, as set out in the annex to the present report, to the Sixteenth Meeting of the Parties in square brackets, to be discussed further in the light of the additional details to be provided at that time.

178. The meeting then proceeded to discuss the draft decision contained in the second conference room paper, requesting TEAP to provide the scientific and technical basis for certain importing countries' requirement to disinfect foodstuffs using methyl bromide. It was pointed out that the draft decision drew attention to an emerging trend whereby environmental concerns were having a negative impact on trade and agriculture in Africa. The representative of TEAP clarified that MBTOC did not have the expertise or authority to deal with that issue, pointing out that the issue fell under technical barriers to trade, which was within the purview of WTO. Parties might wish to consider proposing coordination with WTO to deal with this matter, similar to the existing cooperation between the TEAP Halons Technical Options Committee (HTOC) and ICAO and the International Maritime Organization (IMO). Some representatives suggested that bilateral talks with the importing countries would offer a constructive means of ascertaining their justification for disinfecting foodstuffs using methyl bromide.

179. In the light of that information on the MBTOC mandate, the draft decision was withdrawn, but Burkina Faso, on behalf of the group of African countries, wished to keep alive the idea that economic or commercial and environmental issues were becoming increasingly intertwined, and reserved the right to come back to the issue at a later date.

E. Granting flexibility to allow flour mills to use methyl bromide in emergency circumstances (submitted by Mauritius) (agenda item 12 (e))

180. In its consideration of the item, the Working Group had before it a conference room paper containing the proposal submitted by Mauritius on the granting of flexibility to use methyl bromide in emergency circumstances to combat sporadic infestation in flour mills. The item was introduced by the representative of Mauritius, who explained that methyl bromide was used only during the last year of the baseline. The amount of methyl bromide needed now for an effective fumigation in case of sporadic infestation would not be in compliance with the 2002 methyl bromide freeze. Alternatives needed for fumigation had been recommended through German technical assistance but had not been found to be economically feasible.

181. The ensuing discussion revealed a lack of clarity as to the course of action that was being sought from the Parties. The representative of Mauritius provided some clarification by informing the meeting that, as only a small amount of methyl bromide was being used and was confined to the end-user sector, the company concerned was not eligible for any financial assistance for project implementation. One representative recalled that the TEAP 2004 progress report had acknowledged the case of flour mills as one that might require methyl bromide, but suggested that Mauritius could further investigate alternatives to methyl bromide with the help of its bilateral partner and TEAP itself.

F. Request to the Technology and Economic Assessment Panel 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) (agenda item 12 (f))

182. In its consideration of the request submitted to TEAP by Guatemala, supported by Colombia, to conduct an assessment of the normative authorization of the use of methyl bromide for feedstock, quarantine and pre-shipment consumption and for wooden pallet fumigation, the Working Group had before it a conference room paper submitted by the representative of Guatemala and extended by Colombia, whose representative introduced the item. In doing so, he stressed the potential impact of ISPM standard 15 put forth by FAO, which could lead to a considerable increase in methyl bromide consumption for the applications mentioned in the proposed study.

183. Following the introduction, a number of representatives expressed concern about the potential explosion of methyl bromide use as a result of ISPM standard 15. One representative stated that, given that situation, all Parties should take all the measures within their power, at least on an individual basis, to limit methyl bromide use, including for quarantine and pre-shipment uses and for wood packaging. The group of Latin American and Caribbean countries emphasized the need for coordination and exchange of information between the Ozone Secretariat and the Food and Agriculture Organization of the United Nations (FAO) to help ensure that alternatives to methyl bromide were included in the ISPM standard in harmony with the Montreal Protocol's attempts to eliminate methyl bromide use. Heat treatment was mentioned as just such an alternative, although it was pointed out by some representatives that it was a very expensive process, and not all Article 5 Parties were adequately equipped for it. Furthermore, it could not be claimed that heat treatment had produced unequivocally favourable results; neither was the changeover from methyl bromide to heat treatment funded by the Multilateral Fund. Finally, the representative of an environmental non-governmental organization underscored the importance of dealing with the issue as soon as possible, failing which, the increase in methyl bromide use in wood packaging and quarantine and pre-shipment applications alone could undo all the progress achieved in methyl bromide phase-out under the Montreal Protocol to date.

184. Following the discussion, the co-chair of MBTOC, Mr. Banks, asked the Parties to take into account the numerous tasks that MBTOC and TEAP had to accomplish in 2004 and 2005, and therefore requested an opportunity to work with the Parties in order to coordinate priorities, schedule completion dates and consider whether additional financial resources were necessary to complete all of the tasks involved.

185. In the light of the statement by Mr. Banks, and following a question by one representative on the manner in which the proposed study on such a complex issue would be conducted, the meeting agreed that bilateral talks would take place between TEAP and the representatives proposing the study. The square brackets in the conference room paper containing the draft decision for the study would be

amended according to the comments made in the meeting and forwarded to the Sixteenth Meeting of the Parties.

186. The representative of Guatemala reported that discussions of the draft proposal had taken place among several delegations, which had agreed to attempt to revise and improve the wording and resubmit it for further consideration by the Sixteenth Meeting of the Parties.

187. The Open-ended Working Group decided to forward the draft decision, as set out in the annex to the present report, to the Sixteenth Meeting of the Parties, entirely in square brackets.

188. Subsequently, the representative of Guatemala informed the meeting, with regard to the draft decision on flexibility in the use of alternatives for the phasing out of methyl bromide submitted by his delegation, that further attempts would be made to revise and improve the wording of the draft proposal, which would be resubmitted for consideration at the Sixteenth Meeting of the Parties.

189. The Open-ended Working Group decided to forward the draft decision, as set out in the annex to the present report, to the Sixteenth Meeting of the Parties, entirely in square brackets.

XIII. Consideration of the need to review the status of destruction technologies for ozone-depleting substances (decision XIV/6, paragraph 5) (agenda item 13)

190. In its consideration of the item, the meeting had before it two conference room papers, one submitted by the European Community on the handling and destruction of ozone-depleting substances in industrial plants, and the other submitted by Canada on the review of approved destruction technologies pursuant to decision XIV/6 of the Meeting of the Parties. Since the paper submitted by the European Community was still undergoing amendments, the meeting decided that it should be reissued in a revised version which would either be considered at a later stage of the deliberations, or, failing that due to time constraints, would be forwarded to the Sixteenth Meeting of the Parties in square brackets. The proposal submitted by Canada was, however, discussed.

191. The representative of Canada introduced his country's proposal, saying that it addressed a very narrow aspect of the job of reviewing destruction technologies. He recalled that, when the last review of destruction technologies had been issued, some technologies that were almost available on the market at the time had been qualified as "emerging". The purpose of the proposed draft decision was to request TEAP simply to provide an update on the status of those technologies and to state whether they could now be included in the list of destruction technologies.

192. During the ensuing discussion, the representative of TEAP said that the Panel was prepared to complete the proposed task if the Parties so wished.

193. The meeting agreed to forward the draft decision to the Sixteenth Meeting of the Parties.

194. The representative of El Salvador wished the report to reflect his country's repeated request, in the context of discussions on destruction technologies, to take into account the need to evaluate such technologies both technically and economically. It was important to see how much it would cost countries to destroy a given quantity of ozone-depleting substances, because a destruction technology that was too expensive was not likely to be used.

195. The representative of Papua New Guinea, speaking on behalf of the small island countries of the Pacific, stated that, in light of the Pacific region's plans to establish a regional clean-up programme to address the problem of ozone-depleting substance waste, his region would welcome a review of the status of destruction technologies. It would also be useful to obtain information on policies governing destruction technologies in other countries as well as on available funding from the Multilateral Fund for clean-up programmes like the one envisaged for the Pacific region.

196. The representative of the European Community introduced a conference room paper containing a draft decision proposed jointly with the United States on sources of carbon tetrachloride emissions and opportunities for reductions.

197. Following the introduction, a comment was made commending the proposal and highlighting the usefulness of the proposed actions, given the acknowledged lack of information on carbon tetrachloride emissions. The Open-ended Working Group then decided to forward the draft decision to the Sixteenth Meeting of the Parties.

XIV. Proposed adjustment by the European Community on further interim reduction steps for methyl bromide in Parties operating under paragraph 1 of Article 5 (agenda item 14)

198. The European Community, on behalf of the 25 member States of the European Union, presented its proposal for an adjustment, which would introduce further interim reduction steps for methyl bromide for Article 5 Parties, as set out in document UNEP/OzL.Pro.WG1/24/6. He recalled that decision IX/5 had called on Parties to decide the matter in 2003, so they were already a year late. The European Community had submitted a proposal for an adjustment to the Open-ended Working Group at its twenty-third meeting, in 2003, and then again, in a revised form and with supporting information, to the Fifteenth Meeting of the Parties. Discussions at that meeting had resulted in the current proposal, of a 20 per cent reduction in each of the years 2008 and 2010 and a 10 per cent reduction in 2012. That would leave 30 per cent of the baseline level of methyl bromide available for the last three years until total phase-out in 2015. Methyl bromide for quarantine and pre-shipment uses was excluded from the proposed reduction schedule. That proposal had been submitted to the Extraordinary Meeting of the Parties in March 2004, which had decided to keep it under review and consider it again, preferably before 2006.

199. He highlighted the progress that had been made by Article 5 Parties in reducing consumption of methyl bromide. In 2002 consumption had fallen by 27 per cent from its peak level, in 1998, and was 10 per cent below the Article 5 baseline level; half the Article 5 Parties had reported zero consumption. Comparisons of individual countries' performance with the proposed reduction steps had indicated the feasibility of the proposal; indeed, agreement to the proposed steps would help achieve compliance, as a series of small downward steps was easier to achieve than one big step, from 80 per cent to zero. Furthermore, it was important to reach agreement on that proposal as soon as possible, since the new steps could then be considered in the context of the next replenishment of the Multilateral Fund, due to be agreed in 2005.

200. Representatives thanked the European Community for its proposal, and many of them recognized that decision IX/5 had indeed called for agreement on interim reduction steps in 2003. Representatives of Article 5 Parties, including the representatives of the group of Latin American and Caribbean countries, however, felt that the discussion was premature as long as non-Article 5 Parties continued to request large volumes of methyl bromide for critical uses. In that respect, no progress had been made since the Extraordinary Meeting of the Parties, and a clear signal of reductions in critical-use nominations was needed before the discussion on further interim reduction steps could proceed. It was hoped that the national management strategies to be submitted by non-Article 5 Parties under the terms of decision Ex.I/1 would provide that signal.

201. Some representatives of Article 5 Parties were of the opinion in addition that agreement would need to be reached on a critical-use exemption procedure for Article 5 Parties before further interim reduction steps could be discussed. Other representatives pointed to the difficulties being experienced with the phase-out of some current uses of methyl bromide, for example in the treatment of high-moisture dates (as covered in decision XV/12), and expressed the view that viable solutions to those problems needed to be found before any new phase-out framework could be discussed. Other representatives voiced concern that existing agreements with the Executive Committee of the Multilateral Fund for methyl bromide phase-out would be adversely affected by the establishment of new interim reduction steps.

202. Several representatives of non-Article 5 Parties, however, expressed their support for the proposal, observing that similar step-down schedules had proved useful in other contexts, and noted that the issues of reducing critical-use exemptions and of agreeing interim reduction steps could usefully be discussed together. Many representatives highlighted the desirability of reaching agreement on interim reduction steps before the next replenishment of the Multilateral Fund.

203. Recognizing that such agreement appeared to be unlikely at the current meeting, however, one representative suggested that the step-down schedule proposed by the European Community be considered as one scenario for analysis in the forthcoming study on the replenishment of the Fund. Parties would then be able to ensure that the replenishment was sufficient to accommodate the requirements of any interim reduction steps that might subsequently be agreed.

204. Concurring with that proposal, another representative observed that the national management strategies to be submitted by non-Article 5 Parties should help provide the reassurance that Article 5 Parties were seeking about non-Article 5 Parties' commitment to a phase-out, but that these would only become available in early 2006, after the replenishment had been finalized. She suggested that Article 5 Parties might wish to propose alternative interim reduction schedules as additional scenarios for the replenishment study. She also recognized the desire of Article 5 Parties to develop, in due course, an appropriate critical-use exemption procedure for their own uses of methyl bromide, and looked forward to working with them, and other non-Article 5 Parties, in ensuring that decision IX/6 was fully implemented.

205. The representative of the European Community thanked all representatives who had contributed to the debate. He recognized that an agreement on further interim reduction steps was never going to be an easy process, but noted that the background information that his delegation had provided, including in particular the comparisons of the proposed reduction steps against the agreements with the Multilateral Fund Executive Committee, showed their feasibility. He also reminded the meeting that the Fund existed to help Parties meet the control measures of the Montreal Protocol, whatever they were. He hoped 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, and expressed support for the suggestion that the proposed reduction schedule should be included as an analysis scenario for the study on the replenishment.

206. The meeting agreed to take note of the proposal of the European Community, as contained in document UNEP/OzL.Pro.WG1/24/6.

XV. Proposed amendment by the European Community for expedited amendment of the Montreal Protocol (agenda item 15)

207. In the context of the proposed amendment, the Co-Chair observed that, as the Parties moved forward in phasing out those ozone-depleting substances which were currently controlled by the Montreal Protocol, substances that depleted the ozone layer but were not controlled under the Protocol entered the market and that there was as yet no expedited procedure in place to control their production and consumption. Therefore, any attempt to facilitate the process of bringing those ozone-depleting substances under control by the Protocol should be considered by the Parties with great attention

208. Introducing document UNEP/OzL.Pro.WG.1/24/7, containing a proposed amendment for expedited amendment of the Montreal Protocol, the representative of the United Kingdom of Great Britain and Northern Ireland, speaking on behalf of the European Community, said that in his introduction he would raise four points. The first was a statement of the problem, namely, that the current procedure for introducing new substances into the Montreal Protocol regime was too long. Historically, it had typically taken around 17 years from identification of an ozone-depleting substance to its being controlled by about 90 per cent of the Parties. In the view of the European Community, Parties might beneficially investigate ways to expedite the procedure. Second, it was the view of the European Community that a principal cause of the problem was the time taken by the formalities in national law associated with ratification. If they could be dispensed with, not such a long period would be required until a new substance was effectively controlled by a large majority of parties. Third, he gave examples of other multilateral environmental agreements which did have procedures for accelerated amendment, such as the Convention on Illegal Trade in Endangered Species of Wild Fauna and Flora and others. And, fourth, he summarized the main idea of the proposal, which would be to introduce a third way for changing the Protocol, in addition to the present "adjustment" and "amendment." The European Community was proposing that the third way should be called "modification". It would have the effect of extending control measures to new substances, but would not be a change that required ratification by Parties. Instead, its provisions would automatically enter into force two years after promulgation, in all Parties other than those that chose to opt out of it.

209. The representative of Canada, subsequently supported by others, requested clarification of whether the date on which the proposal had been communicated to the Parties infringed the six-month rule for consideration of an item at a Meeting of the Parties.

210. The Executive Secretary stated that the proposal had been placed on the Ozone Secretariat's web site during the weekend of 22 and 23 May, and a copy in English, exactly as received on 21 May, had been sent out on 24 May. The version 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.

211. 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. The topic, in any event, was adopted as an agenda item for discussion at the twenty-fourth meeting of the Open-ended Working Group.

212. Many representatives expressed thanks to the European Community for attempting to resolve what was perceived by some delegations to be a problem, but most, including the representative of the group of Latin America and Caribbean countries, were of the view that the proposal offered too many drawbacks, that would not be outweighed by its advantages. Such drawbacks included complicating the Protocol's procedures, with the introduction of a two-track regime, potentially leading to conflict between Parties; the fact that many Parties had not yet ratified the existing amendments, given that it was the practice to ratify them in chronological order; the complication of introducing new control measures as well as incorporating new controlled substances; the danger that enacting trade measures by such a procedure would unfairly penalize those Parties that decided to opt out of a modification, in effect causing them to become non-Parties; and the sheer administrative burden of the proposed procedure.

213. It was pointed out that ratification served to ensure that the agreements reached by representatives at meetings did in fact have the support of their Governments. Indeed, the lag time up to ratification showed how seriously the Governments were taking the matter. Furthermore, it was not the ratification formalities that took time, but rather the necessary regulatory procedures and parliamentary debate which would still be required even if the proposed amendment was adopted.

214. It was also pointed out that the proposed amendment addressed only half of the problem, in that part of the delay between notification of a new substance and its being effectively controlled resided in the time taken by the necessary scientific review. It was suggested that solutions should be sought for that half of the problem, too, which might have implications for the resource levels of the various assessment panels.

215. With regard to other treaties that did have accelerated procedures, it was pointed out that their scope of application was not comparable to the Montreal Protocol. Also, they generally operated by voting procedures – sometimes even by secret ballot – that were alien to the consensus-based culture of the Montreal Protocol (widely considered the most successful of the multilateral environmental agreements). It was felt that any amendment to an international treaty needed to be approached with a maximum of prudence, because a treaty as a whole reflected the balance of the views of its parties. The “modification” proposal seemed to entail a risk of upsetting that balance.

216. Some representatives considered that the proposal had merit and should be studied further, which, however, would require more time. It was suggested that informal consultations might be organized in the margins of the current meeting, to enable interested delegations to seek further clarification from the European Community delegation.

217. The representative of the European Community said that he was encouraged by the discussion, because no representative had suggested that there was not, in fact, a problem to be resolved. In the view of the European Community, the proposed change to the Protocol would not be excessively burdensome or complicated. He confirmed that it was envisaged that a Party would have to ratify all existing amendments before it could take part in the suggested “modification” procedure. He agreed that there was also a need to address the first half of the problem of delay, and expressed his delegation's willingness to cooperate with others in doing so. Noting that some representatives had expressed misgivings about the idea that trade measures should be adopted alongside the regulatory measures, he said that the delegation of the European Community was certainly ready to discuss the idea further. He clarified that the proposal most emphatically was not intended to introduce a system that would require voting at Meetings of Parties. Noting that several representatives had expressed interest in receiving more information on the proposal, he undertook to investigate how that could be provided in the near future.

218. The Co-Chair summarized the item by saying that the exchange of views had been useful, but 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. He welcomed the offer from the European Community to give further information informally and to examine ways forward.

219. Subsequently, the representative of the European Community reported that the Community had hosted informal consultations on its proposal for accelerated amendment of the Protocol. The atmosphere had been extremely constructive, with a thoughtful discussion of the legal and policy implications. While a wide range of issues had been discussed, one overarching theme was a concern about the complexity of the Community's proposal. While it did appear inevitable that there would be legally complex discussions in order to establish the new regime, the actual idea itself was in essence very simple, namely to dispense with legal formalities so that the process of controlling new substances could be faster. Under the proposal, future amendments to the Protocol would be ratified by two groups of Parties that would appear indistinguishable to the outside world, but one group would be able to move more quickly.

220. Concerns had been expressed that extra burdens would be placed on Parties, and the European Community had tried to reassure colleagues that they would not be excessive. In the area of trade, the Community delegation had explained its view that it would be easy to organize trade sanctions in a way that would not unfairly penalize Parties whether or not they were participating in the "modification" process. The delegation of the European Community had felt that some concerns expressed about the wording of the proposed amendment could be accommodated, and the Community was prepared to reconsider the threshold number of Parties that were required to ratify the amendment before it entered into force.

221. It was agreed that it would also be fruitful also to examine the front end of the process, namely the procedural issues related to scientific assessment. The European Community 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.

XVI. Other matters (agenda item 16)

A. Report on preparations for the Sixteenth Meeting of the Parties to be held in Prague

222. The representative of the Czech Republic expressed pleasure that the Fifteenth Meeting of the Parties had accepted his country's offer to host the Sixteenth Meeting of the Parties in Prague. The Meeting would take place only a few days after the fifteenth anniversary of the Prague Velvet Revolution of 17 November 1989. Czechoslovakia had become a Party to the Vienna Convention and the Montreal Protocol on 30 December 1990 and the independent Czech Republic on 1 January 1993.

223. He said that, in the 1980s, Czechoslovakia (which incorporated the present Czech Republic) had been among the largest producers and consumers of ozone-depleting substances in Central Europe. The Czech Republic, with technical support and investment projects for phase-out of ozone-depleting substances in the mid-1990s, had met its core obligations under the Montreal Protocol and had ratified the London, Copenhagen, Montreal and Beijing Amendments to the Montreal, being the first country in Central and Eastern Europe to have done so. Now, the commercial, industrial and refrigerated transport sectors of the Czech Republic were able to export their highly sophisticated non-ozone depleting technologies to other countries on a commercial basis and also to provide assistance in the preservation of the ozone layer through the country's system of official development assistance.

224. He stressed that the achievements at the previous Meeting of the Parties should inspire all to keep up the momentum that there were still a number of challenges to be faced, and that the protection of the ozone layer needed to be promoted in a more integrated manner, as had been recommended by the World Summit on Sustainable Development. The Montreal Protocol experience and lessons learned should be shared with the global conventions covering climate change, chemicals, waste management and the transboundary movement of chemicals and hazardous wastes.

225. Expressing his wish that all participants would enjoy their stay in the Czech Republic and its capital city of Prague, he gave some information about the arrangements for the Meeting of the Parties.

B. Replacement of the deputy Executive Secretary of the Ozone Secretariat

226. Under this agenda item, a progress report was provided on steps taken to fill the position that would be left vacant by Mr. Michael Graber, the Deputy Executive Secretary of the Ozone Secretariat, upon his retirement in October 2004 after eight years of faithful and exemplary service. The representative of the Secretariat announced that the process was unfolding according to the requirements of the United Nations system, and it was hoped that Mr. Graber's successor would be announced at the Sixteenth Meeting of the Parties.

227. Several representatives took the floor to acknowledge the services of Mr. Graber with gratitude. They expressed their appreciation and indebtedness to his hard work, and their hope that, though he was officially retiring, the Ozone family would continue to benefit from his expertise and dedication. Mr. Graber was given a standing ovation.

228. On the subject of key persons who were retiring or stepping down, one representative wished to point out that Mr. Banks was stepping down as co-chair of MBTOC. The representative wished the report to reflect that, under no circumstances was the current review of MBTOC a reflection of the work done by Mr. Banks or any other members. In fact, all members of MBTOC and TEAP in general had done exemplary work under conditions of a constantly increasing workload that was not always matched by additional financial resources. It was hoped that Mr. Banks would continue to play an active role within TEAP. Equal recognition and appreciation was expressed for the other members of the TEAP and other technical options committees, who were retiring or stepping down, as reported in the 2004 progress report of TEAP presented to the meeting.

C. Issue of non-compliance by Nepal

229. The representative of Nepal presented a statement outlining a critical situation in which his Government found itself. The problem arose out of an inconsistency between decisions XV/39 and XIV/7. Pursuant to paragraph 7 of decision XIV/7, Nepal, a low-volume-consuming country committed to environmental protection, had reported the seizure of 74 ODP tonnes of CFCs.

230. Decision XV/39 stated, however, that, "if Nepal decides to release any of the seized quantity of CFCs into its domestic market, it would be considered to be in non-compliance with its obligations under Article 2A of the Montreal Protocol and would therefore be required to fulfil the terms of decision XIV/23, including submitting to the Implementation Committee a plan of action with time-specific benchmarks to ensure a prompt return to compliance." The representative suggested that there was a drafting error in decision XV/39, and that what it had been intended to say was "[...] decides to release into its domestic market any amount of the seized quantity of CFCs that exceeds the limits laid down in the Protocol".

231. Nepal's inability to release any of the seized CFCs while still remaining in compliance was causing great losses to the country's refrigerator servicing sector, and was probably encouraging illegal activities.

232. One representative, speaking as a member of the Implementation Committee, noted that the situation of Nepal was on the agenda for the forthcoming meeting of the Committee.

233. The Co-Chair suggested, and the meeting agreed, that the matter might be left to the Implementation Committee, which might then make an appropriate recommendation to the Sixteenth Meeting of the Parties.

D. Proposal to be submitted by Colombia and Guatemala in relation to item 12 (f) of the agenda: Request to the Technology and Economic Assessment Panel 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

234. The discussions under this agenda item are covered in the paragraphs of the present report relating to agenda item 12 (f), in section F of chapter XII above.

E. Presentation on behalf of the regional ozone network for eastern Europe regarding the participation of network countries in relation to seats on the Implementation Committee and the Executive Committee of the Multilateral Fund

235. The representative of the former Yugoslav Republic of Macedonia, speaking on behalf of Article 5 Parties of eastern Europe and central Asia, introduced a conference room paper containing a draft proposal on the issue. He said that the 13 countries submitting the draft decision were all Article 5 countries in eastern Europe and central Asia, all committed to phasing out ozone-depleting substances. Together they numbered 150 million inhabitants, and accounted for about 5,000 ODP tonnes of ozone-depleting substances. For the previous 13 years, however, they had been unable to participate in either the Implementation Committee or the Executive Committee, because they did not belong to any of the traditional regional groups.

236. Some representatives, while expressing sympathy for the situation of the countries, suggested that the question of the composition of either the Implementation Committee or the Executive Committee might be better addressed on the basis of informal arrangements. One representative said that he had not yet had sufficient time to consider the issue. Another representative said that a way had to be found to integrate such a large group, perhaps through bilateral consultations between regional groupings.

237. Noting that there was no consensus on the matter, the Open-ended Working Group agreed to forward the draft decision to the Sixteenth Meeting of the Parties entirely in square brackets.

F. Issues pertaining to very low-volume consuming countries

238. The representative of the Maldives introduced the draft proposal prepared by his delegation on the issue. He noted that about 20 per cent of the very low-volume consuming countries were already in non-compliance, and many were on the verge of becoming so, owing to their difficulties in obtaining Annex A substances at an economical and competitive cost, and that the draft decision was intended to address their difficulties.

239. Some representatives suggested that there might be other ways of addressing the difficulties, such as allowing very low-volume consuming countries to import ozone-depleting substances in quantities of 30 tonnes or more, but only to withdraw from their customs facilities in any given year the amounts to which they were entitled for that year.

240. The Open-ended Working Group decided to forward the draft decision, as set out in the annex to the present report, to the Sixteenth Meeting of the Parties entirely in square brackets.

XVII. Adoption of the report

241. The present report was adopted on Friday, 16 July 2004, on the basis of the draft report contained in documents UNEP/OzL.Pro/WG.1/24/L.1 and Add. 1, 2, 3 and 4. The Ozone Secretariat was entrusted with finalization of the report following the closure of the meeting..

XVIII. Closure of the meeting

242. After the customary exchange of courtesies, the twenty-fourth meeting of the Open-ended Working Group of the Parties to the Montreal Protocol was declared closed at 7.30 p.m. on Friday, 16 July 2004.

Annex I

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

The Sixteenth Meeting of the Parties decides,

[...]

A. Decision XVI/__: Draft decision on essential-use nominations for non-Article 5 Parties

[Noting the work done by the Technology and Economic Assessment Panel and its technical options committees, in particular the Panel's recommendation for a further review of 2006 essential-use nominations and for clarification of certain criteria to determine when CFCs are to be considered essential,

Mindful that the Parties established the essential-use process under Article 2A of the Protocol as a temporary exemption, but that 2006 will be the eleventh year of essential-use authorizations under that exemption,

Recognizing, therefore, the need for strict scrutiny of all essential-use nominations for years after 2005, in order to move toward closure of the essential-use exemption for Parties not operating under paragraph 1 of Article 5,

1. To authorize for 2005 and 2006 the levels of production and consumption necessary to satisfy essential uses of CFCs for metered-dose inhalers where the sole active ingredient is not salbutamol, as specified in the annex to the present decision;
2. To clarify that the plan of action referred to in decision XV/5, paragraph 4 should be submitted to the Ozone Secretariat no later than 15 April 2005;
3. To request each nominating Party to submit to the Technology and Economic Assessment Panel no later than 15 April 2005 any supplementary information, if necessary, in support of its essential-use nomination for CFC-salbutamol for 2006 and any essential-use nomination for 2007;
4. To request the Technology and Economic Assessment Panel to undertake an assessment in 2005 of any essential-use nomination for CFC-salbutamol for 2006 and any CFC essential-use nomination for 2007, in particular with reference to paragraph 1 (a) of decision IV/25, together with any information supplied by the nominating Party pursuant to paragraphs 2 and 3 of the present decision, and to submit a report to the Parties by 31 May 2005 that, in accordance with paragraph 3 of decision XV/5, states whether specific CFC metered-dose inhalers are considered essential for all or part of a Party's nomination;
5. To clarify that the phrase "sufficient quantity" in paragraph 1 (b) (ii) of decision IV/25 means that a metered-dose inhaler manufacturer owns, or has agreement to acquire from another company, no more than a one-year supply of CFCs;
6. To request each nominating Party to confirm, as part of its essential-use application, that each metered-dose inhaler manufacturer that has requested CFC volumes:
 - (a) Does not own, or has no agreement to acquire from another company, more than a one-year supply of CFCs;
 - (b) Following decision VIII/10, is conducting continuous research and development on alternatives to CFC metered-dose inhalers with all due diligence and, where appropriate, in collaboration with other companies;

7. To request the Technology and Economic Assessment Panel to defer recommendation of any essential-use nomination, or part thereof, to the extent that any Party has not provided the certifications requested in paragraph 6 of the present decision;

8. To urge the Technology and Economic Assessment Panel:

(a) To modify the handbook on essential-use nominations to reflect the provisions of decision XV/5 as previously requested, and to do the same with respect to the present decision, by 1 December 2004;

(b) To allow a nominating Party to submit in its nomination aggregated data by region or product groups for CFC metered-dose inhalers intended for sale in the markets of Parties operating under paragraph 1 of Article 5 where more specific data are not available;

(c) To provide a clear description of the additional information required in cases where all or part of the volume of CFCs in a Party's nomination are not recommended.

Appendix

Essential-use nominations for 2005 and 2006

CFC essential-use nominations and approvals for 2005 (metric tonnes); nominated for 2006; and for re-assessment in 2006

Party	2005		2006		
	Amount nominated	Amount approved	Amount nominated	Amount approved for MDIs where the sole active ingredient is not salbutamol	Amount for re-assessment in 2005 where the sole active ingredient is salbutamol
European Community	--	--	550.0	334 ^a	216 ^a
Poland	4.2	b	4.2	b	B
Russian Federation	--	--	286.0	c	C
Ukraine	53.1	53.1	--	--	--
United States of America	--	--	1,990 ^d	570	1,330
Total	57.3	53.1	2,830.2	904	1,546

- a. Supplementary information provided to TEAP by the European Community in July 2004;
- b. Data submitted in support of the nomination for 2005 and 2006 were incomplete and ATOC was unable to recommend the nomination. The nomination may be addressed within the essential use quota for the European Community of which Poland is a member;
- c. TEAP was unable to recommend and suggested a review of the nomination in 2005;
- d. TEAP noted that the United States nomination stated that 70 per cent of its nomination was for salbutamol and 30 per cent for non-salbutamol active ingredients.]

B. Decision XVI/___: Draft decision on 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

Noting with appreciation the report of the chiller task force on the collection of data and assessment of the portion of the refrigeration service sector made up by chillers, as decided in decision XIV/9,

Noting that the chiller sector has been and will be a long-term challenge for both developed and developing countries owing to its distinct character, as has been brought out by the report of the Technology and Economic Assessment Panel,

Recognizing the need to develop a management plan for CFC-based chillers in the vulnerable Parties operating under paragraph 1 of Article 5, to facilitate CFC phase-out in chillers,

Recognizing also the urgent need for effective replacement programmes to phase out consumption of CFCs,

Recognizing further the need for economic incentives for assisting enterprises in these countries for speeding the replacement programme,

Recognizing the impediments and uncertainties brought out by the Technology and Economic Assessment Panel in its report related to the lack of information for decision makers and lack of policies and regulatory measures needed to be set up for CFC phase-out in the chiller sector,

To request the Executive Committee of the Multilateral Fund to consider:

- (a) Funding of additional demonstration projects to help demonstrate the value of replacement of CFC-based chillers, pursuant to relevant decisions of the Executive Committee;
- (b) Funding actions to increase awareness of users in countries operating under paragraph 1 of Article 5, of the impending phase-out and options that may be available for dealing with their chillers and to assist Governments and decision makers;
- (c) Requesting those countries preparing or implementing refrigerant management plans to consider developing measures for the effective use of the ozone-depleting substances recovered from the chillers to meet servicing needs in the sector;

C. Decision XVI/___: Draft decision on terms of reference for the study on the 2006–2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol, based on the draft submitted by Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, Germany, Ireland, Italy, Hungary, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Poland, Portugal, Slovenia, Slovakia, Spain, Sweden and United Kingdom of Great Britain and Northern Ireland, as modified in plenary

Recalling decisions VII/24, X/13 and XIII/1 on previous terms of reference for a study on the replenishment of the Multilateral Fund,

Recalling also decisions VIII/4, XI/7 and XIV/39 on previous replenishments of the Multilateral Fund,

1. To request the Technology and Economic Assessment Panel to prepare a report for submission to the Seventeenth Meeting of the Parties, and present it through the Open-ended Working Group at its twenty-fifth meeting, to enable the Seventeenth Meeting of the Parties to take a decision on the appropriate level of the 2006–2008 replenishment of the Multilateral Fund. In preparing its report, the Panel should take into account, among other things:

(a) All control measures, and relevant decisions, agreed by the Parties to the Montreal Protocol and the Executive Committee including decisions agreed by the Sixteenth Meeting of the Parties and the Executive Committee at its forty-fifth meeting, in so far as the decisions will necessitate expenditure by the Multilateral Fund during the period 2006–2008; [in addition, the Technology and Economic Assessment Panel report should include a scenario which indicates costs associated with implementation by Parties operating under paragraph 1 of Article 5 of the adjustment relating to methyl bromide proposed by the European Community;] [*United States of America*]

(b) The need to allocate resources to enable all Parties operating under paragraph 1 of Article 5 to maintain compliance with the Montreal Protocol [and to take all steps necessary for their future compliance]; [*India*]

(c) Agreed rules and guidelines for determining eligibility for funding of investment projects (including those in the production sector), non-investment projects and sectoral or national phase-out plans;

(d) Approved country programmes;

(e) Financial commitments in 2006–2008 relating to national or sectoral phase-out plans agreed by the Executive Committee;

[(e) bis The provision of funds for accelerating phase-out and maintaining momentum,] [*group of Latin American and Caribbean countries, with the support of the United States*] [taking into account the time lag in project implementation;] [*United States*]

(f) Experience to date, including limitations and successes of the phase-out of ozone-depleting substances achieved with the resources already allocated, as well as the performance of the Multilateral Fund and its implementing agencies;

(g) The impact that the controls and country activities are likely to have on the supply and demand for ozone-depleting substances, and the effect that this will have on the cost of ozone-depleting substances and the resulting incremental cost of investment projects during the period under examination; [*Alternative text: The current trends in the cost of ozone-depleting substances and the resulting incremental costs of investment projects during the period under review;*] [*Syrian Arab Republic*]

(h) Administrative costs of the implementing agencies and the cost of financing the secretariat services of the Multilateral Fund, including the holding of meetings;

[(h) bis Analysis of the ability of the Multilateral Fund to commit and make full use of all its available resources, including carried over resources and estimated interest and other income accruing to the Fund;] [*Japan*]

[(h) ter Status of and improvement in the financial management based on the review of the financial mechanism of the Montreal Protocol;] [*Japan*]

2. That, in undertaking this task, the Technology and Economic Assessment Panel should take into account the findings and recommendations of the evaluation of the financial mechanism of the Montreal Protocol study; [*Alternative text: That, in undertaking this task, the Technology and Economic Assessment Panel should take into account the evaluation and review of the financial mechanism of the Montreal Protocol to be undertaken by the Parties in 2004, pursuant to decision XIII/3;*] [*Japan*]

3. That, in undertaking this task, the Technology and Economic Assessment Panel should consult widely with relevant persons and institutions and other relevant sources of information deemed useful; [*Alternative text: That, in undertaking this task, the Technology and Economic Assessment Panel should hold broad consultations with all relevant sources of information deemed useful;*] [*Syrian Arab Republic*]

4. That the Panel shall strive to complete its work in time to enable its report to be distributed to all Parties two months before the twenty-fifth meeting of the Open-ended Working Group;

[5. That the Panel shall assess and evaluate the costs of the environmentally sound management and destruction of ozone-depleting substances and related equipment in Parties operating under paragraph 1 of Article 5;] [*Colombia*]

D. Decision XVI/___: Draft decision on terms of reference for the study on the 2006-2008 replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol, submitted by the group of Latin American and Caribbean countries

[*Aware of the upcoming negotiations on the replenishment of the Multilateral Fund for the next triennium,*

Noting that some Parties not operating under paragraph 1 of Article 5 have never paid their contributions to the Multilateral Fund or have done so in an amount inferior to one annual contribution,

Recalling paragraph (c) of decision 39/5 of the Executive Committee, which urged those Parties to pay their contributions for the 2003–2005 triennium to enable Parties operating under paragraph 1 of Article 5 to comply with the 2005–2007 control measures of the Montreal Protocol and to avoid shortfalls arising from the non-payment or delayed payment of pledged contributions during the compliance period for Parties operating under paragraph 1 of Article 5,

To urge those Parties to pay their outstanding contributions to the Multilateral Fund as soon as possible, in view of the current compliance needs of Parties operating under Article 5 of the Montreal Protocol;]

E. Decision XVI/___: Draft decision on a feasibility study on the development of a system of tracking international trade in ozone-depleting substances, submitted by Bangladesh, Brunei, Cambodia, China, Democratic People's Republic of Korea, Fiji, India, Indonesia, Islamic Republic of Iran, Lao People's Democratic Republic, Malaysia, Maldives, Mongolia, Myanmar, Nepal, Pakistan, Philippines, Singapore, Sri Lanka, Thailand, Viet Nam

Mindful of decision XIV/7 on the monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances, which encouraged each Party to consider means and continued efforts to monitor international transit trade,

Acknowledging with appreciation the work of the 2003 workshop on cooperation between customs and ODS officers in the south-east Asia-Pacific and south Asian region, held in Phuket, Thailand in October 2003, in identifying the obstacle posed by transit trade to the efforts of customs authorities in the region to stop illegal trade in ozone-depleting substances,

Acknowledging with appreciation the work of the 2004 workshop on cooperation between customs and ODS officers in the south-east Asia-Pacific and south Asian region, held in Agra, India, in April 2004, in identifying the need to have a tracking system in place to counter the misuse of present licensing schemes,

Acknowledging the workshop's recommendation to the Meeting of the Parties of the Montreal Protocol to develop a system to control transit trade in ozone-depleting substances,

Recalling previous decisions of the Parties dealing with monitoring of trade in ozone-depleting substances, customs codes, ozone-depleting substances import and export licensing systems and prevention of illegal trade in ozone-depleting substances, namely decisions II/12, VI/19, VIII/20, IX/8, IX/22, X/18, XI/26 and XIII/12,

Understanding the importance of actions aimed at improving the monitoring of trade in ozone-depleting substances and preventing illegal trade in ozone-depleting substances for a timely and smooth phase-out of ozone-depleting substances in accordance with the agreed schedules,

To request the Secretariat to carry out a study on the feasibility of developing a system of tracking trade in ozone-depleting substances, including transshipment, import for re-export, and transit trade in ozone-depleting substances, in consultation with, as appropriate, the Division of Technology, Industry and Economics of the United Nations Environment Programme and the World Customs Organization and noting international agreements with transit licensing systems such as the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Convention on Temporary Admission (Istanbul Convention), and report thereon to the [Open-ended Working Group at its twenty-fifth session] [Seventeenth Meeting of the Parties];]

F. Decision XVI/___: Draft decision on multi-year exemptions submitted by the United States of America

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

Decides:

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

G. Decision XVI/___: Draft decision on trade in products and commodities treated with methyl bromide, submitted by Kenya, as amended by plenary

[*Noting* that most of the Parties or States operating under Article 5, paragraph 1, of the Montreal Protocol derive a significant portion of their national income from trade in commodities which rely on methyl bromide for their production or shipment,

Acknowledging that the special needs of Parties operating under Article 5, paragraph 1, were considered when the phase-out schedules for methyl bromide were established under the Montreal Protocol;

1. To urge the Parties to the Montreal Protocol, subject to rights and obligations under other international agreements, not to restrict trade in products or commodities from Parties that are otherwise in compliance with their Montreal Protocol obligations solely because the commodities or products have been treated with methyl bromide, or because the commodities have been produced or grown on soil treated with methyl bromide;
2. To request the Technology and Economic Assessment Panel to review this issue;]

H. Decision XVI/___: Draft decision on a request for technical and financial support relating to methyl bromide alternatives, submitted by Burkina Faso, Burundi, Cameroon, Côte d'Ivoire, Democratic Republic of the Congo, Mali, Niger and Senegal

[Considering the Copenhagen Amendment on the total elimination of methyl bromide,

Considering the constant increase in the number of derogations therefrom for the purposes of essential uses,

Considering the significant quantities of requests for pre-shipment and quarantine uses,

Considering the conclusions of the regional workshop on experiences in using alternatives to methyl bromide, held in Dakar, Senegal, from 8 to 11 March 2004,

Considering that some Article 5 countries use little or no methyl bromide,

To request the Executive Committee of the Multilateral Fund, with a view to implementing the Montreal Protocol:

- (a) To increase technical and financial support to those countries in order to identify strategies to combat soil parasites of essential crops using alternatives to methyl bromide as defined by the Methyl Bromide Technical Options Committee within the context of integrated pest management;
- (b) To request the Ozone Secretariat to translate into the official United Nations languages, and to publish in those languages, the assessment reports prepared by the Methyl Bromide Technical Options Committee on alternatives to methyl bromide;]

I. Decision XVI/___: Draft decision on assessment of the normative authorization of the use of methyl bromide for quarantine and pre-shipment, feedstock and wooden pallet fumigation, submitted by Guatemala and extended by Colombia

[Reaffirming the obligation to phase out production and consumption of methyl bromide,

Noting that the global consumption of methyl bromide for the period 1991–2001 was assessed for soil fumigation, quarantine and pre-shipment use and for feedstock,

Mindful that the consumption by Parties operating under paragraph 12 of Article 5 increased from 9,644 tonnes to 10,009 tonnes, an increase of 3.7 per cent, and that Parties not so operating reduced consumption by 11,082 tonnes, from 33,630 tonnes to 22,548.8 tonnes, a reduction of 33 per cent, whereas total quarantine and pre-shipment use increased from 3,390 tonnes to 14,150 tonnes, an increase of 10,760 tonnes,

Noting that over the last three years feedstocks have been increasing and that the approved application of methyl bromide for the treatment of wooden pallets represents an additional increase of ever larger proportions,

Considering that the increasing authorized use of methyl bromide in certain sectors is becoming a real threat to the reduction and phase-out of methyl bromide consumption,

Bearing in mind that, under standard 15 of the International Standards for Phytosanitary Measures, of March 2002, the Food and Agriculture Organization of the United Nations issued guidelines regulating wood packaging materials in international trade, which approved fumigation by methyl bromide for wood packaging to reduce the risk of the introduction and spread of quarantine pests associated with wood packaging used in trade,

Considering that coordination among United Nations bodies is indispensable for the attainment of their common goals,

Noting that the Parties to the Montreal Protocol decided to request the Technology and Economic Assessment Panel to develop a study of possible alternatives for the quarantine and pre-shipment applications of methyl bromide,

To request the Technology and Economic Assessment Panel to conduct an assessment of the normative authorization of the use of methyl bromide for quarantine and pre-shipment, feedstock and wooden pallet fumigation in order to prevent the discretionary use of methyl bromide and avert the risk that such use might overshadow the efforts made to reduce methyl bromide consumption in agriculture;

To request the Ozone Secretariat to make contact with the secretariat of the Food and Agriculture Organization of the United Nations and to review the approved process and to exchange of information with a view to developing specific alternatives for the treatment of wood packaging and other applications of methyl bromide stipulated by that organization as phytosanitary measures;]

J. Decision XVI/___: Draft decision on flexibility in the use of alternatives for the phasing out of methyl bromide submitted by Guatemala

[*Noting* that the adoption of alternatives to methyl bromide in developing countries in particular needs to be re-evaluated based on hard data and on the progress achieved in applying such alternatives,

Noting also the existence of political, social, economic and environmental disparities in the capability of Article 5 Parties to comply fully with the phase-out mandates,

Noting further that developing countries, that is, Parties operating under paragraph 1 of Article 5, rely heavily on agricultural production and that the adoption of alternative technologies to substitute for the use of methyl bromide requires a lead time of three–five years so as to prevent a reduction in crop yields that might adversely affect rural employment and household income and result in economic losses and a reduction in exports, particularly in the melon-growing sector, as well as to prevent certain consequent social or economic problems or political unrest,

Mindful that Parties operating under paragraph 1 of Article 5 should promote innovative incentives to support their methyl bromide reduction plans and country strategies, which incentives may play an important role in enabling Parties to promote the use of transitional replacements for methyl bromide,

1. To keep under review the benchmarks for compliance with phase-out targets as progress is evaluated in the application of specific alternatives to the use of methyl bromide;

2. To request the Methyl Bromide Technical Options Committee and the Multilateral Fund for the Implementation of the Montreal Protocol to make available technical and financial support to Parties operating under paragraph 1 of Article 5 which have demonstrated their commitment to methyl bromide reductions but which, for valid social and economic reasons, require additional time to comply with their phase-out commitments so as not to compromise their agricultural production and their social and economic stability;]

K. Decision XVI/___: Draft decision on sources of carbon tetrachloride emissions and opportunities for reductions submitted by the European Community and the United States of America

[*Noting* with appreciation the 2002 report of the Scientific Assessment Panel and the April 2002 report of the Technology and Economic Assessment Panel on destruction technologies,

Recognizing the need to understand the latest technology and best practices for mitigating emissions and destruction of carbon tetrachloride,

Expressing concern that measured atmospheric concentrations of carbon tetrachloride are significant,

Recognizing the need further to assess the sources of carbon tetrachloride being measured in the atmosphere,

To request the Technology and Economic Assessment Panel to assess global emissions of carbon tetrachloride being emitted:

(a) From feedstock and process agent sources situated in Parties not operating under paragraph 1 of Article 5;

(b) From sources situated in Parties operating under paragraph 1 of Article 5 already addressed by existing agreements with the Executive Committee of the Multilateral Fund;

(c) From feedstock and process agent uses of carbon tetrachloride applied in Parties operating under paragraph 1 of Article 5 not yet addressed by agreements with the Executive Committee of the Multilateral Fund;

(d) From sources situated both in Parties operating under paragraph 1 of Article 5 and in those not so operating that co-produce carbon tetrachloride;

(e) From waste and incidental quantities or carbon tetrachloride that are not destroyed in a timely and appropriate manner;

1. To request the Technology and Economic Assessment Panel to assess potential solutions for the reduction of emissions for the categories above;

2. To request the Technology and Economic Assessment Panel to prepare a report for the consideration of the Parties at the Eighteenth Meeting of the Parties in 2006;]

L. Decision XVI/___: Draft decision on the review of approved destruction technologies pursuant to decision XIV/6 of the Parties

Recalling the report of the task force on destruction technologies presented to the Parties at the twenty-second meeting of the Open-ended Working Group,

Noting the need to keep the list of approved destruction technologies up to date,

Mindful of the need to minimize any additional workload for the Technical and Economic Assessment Panel,

1. To request the initial co-chairs of the task force on destruction technologies to reconvene in order to solicit information, from the technology proponents, exclusively on destruction technologies identified as “emerging” in the 2002 report of the task force on destruction technologies;

2. Further to request the co-chairs, if new information is available, to evaluate and report, based on the development status of these emerging technologies, whether they warrant consideration for addition to the list of approved destruction technologies;

3. To request that that report be presented through the Technical and Economic Assessment Panel to the meeting of the Open-ended Working Group at its twenty-fifth meeting;

M. Decision XVI/___: Draft decision on the need to ensure equitable geographical representation in the Executive Committee of the Multilateral Fund submitted by Albania, Armenia, Bosnia and Herzegovina, Croatia, Cyprus, Georgia, Kyrgyzstan, Malta, Republic of Moldova, Romania, Serbia and Montenegro, the former Yugoslav Republic of Macedonia and Turkey

[Recognizing the necessity to ensure equal geographical representation in the Executive Committee,

Noting that, for historical reasons, no seat has been allocated in the Executive Committee for the countries of eastern Europe and central Asia operating under paragraph 1 of Article 5 of the Protocol,

Decides to amend paragraph 2 of the terms of reference of the Executive Committee, as modified by the Ninth Meeting of the Parties in decision IX/16, to read:

- “2. The Executive Committee shall consist of seven Parties from the group of Parties operating under paragraph 1 of Article 5 of the Protocol and seven Parties from the group of Parties not so operating. Each group shall select its Executive Committee members. Seven seats allocated to the group of Parties operating under paragraph 1 of Article 5 shall be allocated as follows: two seats to Parties of the African region, two seats to Parties of the region of Asia and the Pacific, two seats to Parties of the region of Latin America and the Caribbean, and one seat to Parties of the region of Eastern Europe and Central Asia. The members of the Executive Committee shall be endorsed by the Meeting of the Parties”];

N. Decision XVI/___: Draft decision on the situation of very low-volume consuming countries submitted by the Maldives

[Recalling the reporting requirement for Article 5 Parties under Article 7 of the Montreal Protocol,

Mindful of the non-compliance procedures set by the Protocol and the Meeting of the Parties,

Noting the shrinking supplies globally of ozone-depleting substances, especially the Annex A substances,

Aware of the market demands of supplies of Annex A substances,

Recognizing the difficulties faced by very low-volume consuming countries in obtaining Annex A substances at an economical and competitive cost because of low volumes,

1. That Parties with a baseline consumption of not more than 30 tonnes and designated as very low-volume consuming countries, will:

- (a) Report their consumption under Article 7 every year;
- (b) Import not more than twice their baseline consumption in a given year;

(c) Report annually to the Ozone Secretariat on their use and remaining stock of Annex A substances;

2. That the Implementation Committee will review the compliance status of such Parties once every two years;

3. That Parties eligible for this status:

(a) Should have been in compliance with the 1999 freeze commitment;

(b) Should have a baseline consumption of less than 30 tonnes;

(c) Should have a licensing system in place;

(d) Should have ratified the Montreal Amendment to the Montreal Protocol;]
