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PREPARATORY MEETING FOR THE EIGHTH MEETING
OF THE PARTIES TO THE MONTREAL PROTOCOL
ON SUBSTANCES THAT DEplete THE OZONE
LAYER
San José, 19-26 November 1996

REPORT OF THE PREPARATORY MEETING FOR THE EIGHTH MEETING
OF THE PARTIES TO THE MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

I. OPENING OF THE MEETING

A. Statement by the representative of the Government of Costa Rica

1. The statement by the Minister of the Environment of Costa Rica to the Preparatory Meeting of the Conference of the Parties to the Vienna Convention applies mutatis mutandis to the Preparatory Meeting for the Meeting of the Parties to the Montreal Protocol.

B. Statement by the Executive Director of the United Nations
Environment Programme (UNEP)

2. The statement of the Executive Director to the Preparatory Meeting for the Conference of the Parties to the Vienna Convention applies mutatis mutandis to the Preparatory Meeting for the Meeting of the Parties to the Montreal Protocol.

C. Statement by the Co-Chair of the Open-ended Working Group

3. Mr. Seebaluck, Co-Chair of the Open-ended Working Group, having expressed his gratitude to the Government and people of Costa Rica for their hospitality, said that barely two years remained until the first Montreal Protocol controls on ODS would become effective for the countries operating under Article 5 of the Protocol. It was thus essential that the resources of the Multilateral Fund should be adequately replenished. The Parties not operating under Article 5 had to be confident that the resources of the Fund were utilized cost-effectively, while the Parties operating under Article 5 had to be confident that the funding would be available to enable them to implement control measures.

II. ORGANIZATIONAL MATTERS

A. Adoption of the agenda

4. The following agenda was adopted on the basis of the provisional agenda in document UNEP/OzL.Pro.8/Prep/1:

1. Opening of the meeting:
 - (a) Statement by the representative of the Government of Costa Rica;
 - (b) Statement by the Executive Director of the United Nations Environment Programme (UNEP).
2. Organizational matters:
 - (a) Adoption of the agenda;
 - (b) Organization of work.
3. Consideration of the report of the Executive Director of UNEP to the Eighth Meeting of the Parties and the report of the Open-ended Working Group of the Parties on the work of its thirteenth meeting:
 - (a) Implementation of the decisions of the Seventh Meeting of the Parties;
 - (b) Status of ratification of the Montreal Protocol;
 - (c) Other implementation matters:
 - (i) Implementation of the Protocol by the Parties;
 - (ii) Membership of the Implementation Committee;
 - (iii) Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol;
 - (d) Replenishment of the Multilateral Fund for the Implementation of the Montreal Protocol and three-year rolling business plan for the period 1997-1999 (Decisions VII/23 and 24);
 - (e) Actions to improve the Financial Mechanism (Decision VII/22);
 - (f) Report of the Executive Committee on technology transfer (Decision VII/26);
 - (g) Report of the Technology and Economic Assessment Panel on essential-use nominations and metered-dose inhalers (MDIs) (Decisions VII/28 and VII/34, paragraphs 5 (a) and (b));

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- (h) Report of the Technology and Economic Assessment Panel on control of trade in methyl bromide and critical agricultural uses of methyl bromide (Decisions VII/7 and VII/29);
 - (i) Annual reports by the Assessment Panels, including reports of the Technology and Economic Assessment Panel on minimizing emissions of halons and applications of hydrochlorofluorocarbons (Decisions VII/12 and VII/34, paragraphs 5 (c) and (f));
 - (j) List of products containing or made with, but not containing, controlled substances in Group II of Annex C of the Montreal Protocol (Article 4, paragraphs 3 ter and 4 ter);
 - (k) Report of the Technology and Economic Assessment Panel and the Informal Advisory Group on the organization and functioning of the Panel (Decision VII/34, paragraph 5 (e));
 - (l) Report of the Secretariat on illegal imports and exports of controlled substances (Decision VII/33);
 - (m) Proposed revised format for the reporting of data under Article 7 of the Protocol;
 - (n) Other issues.
4. Report of the Secretariat on information provided by the Parties in accordance with Articles 7 and 9 of the Montreal Protocol and the report of the Implementation Committee.
 5. Consideration of the report of the Chair of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol.
 6. Financial report for 1995 and the revised 1997 and proposed 1998 budgets for the Trust Fund of the Montreal Protocol.
 7. Date and venue of the Ninth Meeting of the Parties.
 8. Other matters.
 9. Adoption of the report.
 10. Closure of the meeting.

B. Organization of work

5. The meeting decided to organize its work by considering the draft decisions in document UNEP/OzL.Pro.8/7. The text of the decisions, as finally adopted, may be found in the annex to the report of the Eight Meeting of the Parties, contained in document UNEP/OzL.Pro.8/12.

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III. SUBSTANTIVE ISSUES

Decision VIII/1. Ratification of the Vienna Convention, the Montreal Protocol and its Amendments

6. The meeting agreed to forward draft decision VIII/1, as contained in document UNEP/OzL.Pro.8/7, to the Eighth Meeting of the Parties to the Montreal Protocol for its consideration.

Decision VIII/2. Data and information provided by the Parties in accordance with Articles 7 and 9 of the Montreal Protocol

7. Introducing the draft decision, the Executive Secretary drew attention to document UNEP/OzL.Pro.8/3 and to paragraphs 5 and 6 in document UNEP/OzL.Pro.8/2, the report by the Executive Director. He noted that the Secretariat's report on data reporting had been considered by the Implementation Committee at its fourteenth meeting and that the draft decision was based on that Committee's recommendations.

8. One delegation proposed changing the language in the draft decision to make it consistent with paragraph 4 of draft decision VIII/4. Another delegation favoured retaining the current language, expressing the view that it well reflected the current legal situation and was sufficient.

9. The representative of the Russian Federation informed the Meeting that it had recently supplied extensive information to the Secretariat regarding its production and consumption of and trade in controlled substances in 1994, 1995 and part of 1996.

10. The Secretariat confirmed a statement by the representative of the Islamic Republic of Iran that it had supplied the required data and that contrary references in document UNEP/OzL.Pro.8/3 were in error.

11. After informal consultations, the Meeting agreed to amend draft decision VIII/2, contained in document UNEP/OzL.Pro.8/7, and forward it, as amended, to the Eighth Meeting of the Parties to the Montreal Protocol for its consideration.

Decision VIII/3. Membership of the Implementation Committee

12. Having inserted the names of the Parties confirmed or selected as members of the Implementation Committee the Meeting decided to forward the draft decision to the Eighth Meeting of the Parties to the Montreal Protocol for its consideration.

Decision VIII/4. Replenishment of the Multilateral Fund and three-year rolling business plan for 1997-1999

13. The Co-Chair suggested, in introducing the decision, that statements should be confined to specific issues related to replenishment.

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14. The representatives of Georgia and Lithuania addressed the issues concerning their financial obligations to the Protocol. Because their countries had not yet ratified the London Amendment, they requested that they be removed from the list of contributors and be given special treatment with respect to the issues concerning financial contributions.

15. The representative of the United Kingdom, speaking on behalf of a group of Parties not operating under Article 5, stressed those countries' commitment to the objectives of the Montreal Protocol and the Multilateral Fund and their willingness to discuss in good faith the TEAP report, which had provided a good basis for discussion. Nevertheless, those countries felt that there were additional issues, such as the relation of the expected demand for ODS to the production sector, the mobilization of additional resources, the real contribution of non-investment projects to ODS reduction and the administrative costs, that needed to be discussed by the Parties. In addition, they stressed the importance of appropriately reflecting as part of the agreement the implications of those control measures related to methyl bromide that were to be adopted in 1997. Given the willingness of certain Parties operating under Article 5 to move faster than the Protocol's control schedule, the representative of the United Kingdom emphasized the group's readiness to discuss the issue further and to decide, together with the Group of 77 and China, whether it would be appropriate for the Fund to allocate resources for that purpose.

16. Referring to paragraph 4 of decision VIII/4, the representative of Poland introduced its proposal contained in document UNEP/OzL.Pro.8/10 and stated that, in Poland's view, it had no obligation to contribute to the Multilateral Fund for the period during which it was not a Party to the London Amendment, and hence no amount should be shown as outstanding for such Parties. Having subsequently ratified the London Amendment, his country would pay its due contribution in the future.

17. Commenting on that statement, at the invitation of the Co-Chair, a representative of the United Kingdom stated, as his personal opinion, that the obligation of a Party not operating under Article 5 to contribute to the Multilateral Fund was a legal one only from the date of entry into force of the London Amendment for that Party. Prior to that date, there could only be a moral obligation. The Parties should also note that, prior to the entry into force of the London Amendment, the interim Multilateral Fund had been covered by a decision of the Second Meeting of the Parties. He also stated that it was up to each Party to interpret the Protocol in good faith.

18. The representative of another Party supported Poland in its contentions.

19. At the request of the Co-Chair, the representative of the Government of Georgia introduced document UNEP/OzL.Pro.8/8. Some representatives expressed willingness to support the proposal. One representative recalled that decision IV/7 had appropriately established the procedure regarding the process, and should therefore be followed.

20. One representative of a Party operating under Article 5, supported by another, recalled that reclassification was directly linked to the issue of the replenishment of the Multilateral Fund and that the issue would need to

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be considered accordingly. Another representative requested additional guidance on whether reclassifying those countries would affect their current status under the Global Environment Facility (GEF).

21. The Executive Secretary clarified that, if a developing country initially classified as a Party not operating under Article 5 because of its consumption levels was reclassified as operating under Article 5, after its consumption had fallen to levels below those specified in Article 5, it was requested not to seek assistance from the Multilateral Fund. Countries that were not assisted by the Fund, however, could receive assistance from GEF, if they were eligible under the GEF criteria.

22. The Chairman set up a small working group consisting of the representatives of Brazil, Canada, France, Georgia, India, Philippines, Republic of Moldova and United States, the group to be coordinated by the representative of France, to consider the question of reclassification.

23. A group comprising the representatives of Australia, Austria, Brazil, Canada, China, Costa Rica, Cuba, Egypt, France, Finland, Germany, India, Iran (Islamic Republic of), Ireland, Japan, Kenya, Mauritius, Norway, Philippines, Poland, Tunisia, United Kingdom, United States of America and Venezuela was set up to work on the issues relating to replenishment.

24. The Meeting decided that the group should be coordinated by the Co-Chairs of the Meeting and asked it, in addition to the question of replenishment, to consider draft decision VIII/4 in its entirety.

Decision VIII/4 bis. Contributions to the Multilateral Fund

25. The Meeting decided to forward draft decision VIII/4 bis to the Meeting of the Parties for its consideration.

26. The representative of Poland said that his delegation was not satisfied with the text of the draft decision since it did not deal with the question of the alleged arrears of Parties not operating under Article 5 that were not Parties to the London Amendment. He understood, however, that the question would be submitted to the forthcoming meeting of the Open-ended Working Group in 1997.

Decision VIII/5. Measures taken to improve the financial mechanism and technology transfer

27. The Chief Officer of the Multilateral Fund stated that the Executive Committee had submitted to the thirteenth meeting of the Open-ended Working Group a report on actions taken to improve the financial mechanism (UNEP/OzL.Pro/WG.1/13/4.). At the same time, it had reported that further actions were to be taken at its Twentieth Meeting. Those actions had since been taken, and were described in paragraphs 65, 66 and 67 of document UNEP/OzL.Pro/8/6.

28. The Executive Committee had had before it at its nineteenth meeting draft terms of reference for the transfer of technology. The matter had then been referred to the Twentieth Meeting, but it had not been possible to achieve agreement at that Meeting either.

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29. One representative suggested that, in paragraph 2, the words "to implement Decision VII/22" should be added after "further actions" and that "as necessary" should be changed to "annually."

30. At the request of the Co-Chair, one representative informed the Meeting that no agreement had yet been reached on new paragraph 3 of Decision VIII/5. Nevertheless, he introduced a text on which he was still working.

31. Draft decision VIII/5, as orally amended, was approved for submission to the Meeting of the Parties. However, paragraph 3 was kept in square brackets, pending further consultations by India with a number of other delegations.

Decision VIII/5 bis. Actions to improve the functioning
of the Financial Mechanism

32. After an informal discussion, the Meeting decided to forward draft decision VIII/5 bis to the Meeting of the Parties for its consideration.

Decision VIII/6. Membership of the Executive Committee of
the Multilateral Fund

33. Draft decision VIII/6, completed by the insertion of the names of the Parties selected for membership of the Executive Committee, was approved for submission to the Meeting of the Parties.

Decision VIII/7. Essential-use nominations for Parties not operating
under Article 5 for controlled substances
for 1997 through 2002

34. Several representatives proposed a new wording for paragraph 5, to read: "To permit the transfer of essential-use authorizations for MDIs for 1997 between New Zealand and Australia on a one-time basis only."

35. It was decided to remove the square brackets in paragraph 9, retaining the wording "beginning in 1998".

36. One representative recalled that paragraph 11 represented a recommendation from TEAP to authorize the use of relatively small quantities of CFCs in unforeseen circumstances, subject to subsequent review by the Parties. He cautioned against imposing unrealistically strict rules, and suggested a limit of around 20 tonnes.

37. One representative, speaking on behalf of a regional economic integration organization, expressed uncertainty as to the need for paragraph 11 at all.

38. The representative of TEAP explained that it had been TEAP's view that there might be unforeseen circumstances in which small quantities of ODS were needed, such as halons used in safety systems on aircraft or ODS used in the manufacture of pharmaceuticals. The aim had been to offer the Secretariat the flexibility to authorize such small quantities in emergency circumstances.

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39. Following confirmation by the representative of Poland that the bracketed quantities for CFCs in Appendix I to decision VIII/7 1/ were intended only for MDIs, and that the figures given in the table were lower than those originally applied for, it was agreed to remove the square brackets in question.

40. One representative, speaking on behalf of a regional economic integration organization, expressed the view that the essential-use exemption for halons requested by the Russian Federation should be given for the years 1996 and 1997 only, and the need for such exemptions after 1997 be examined in future years.

41. Since the nominations for requirements of CFC-11 and CFC-12 by the Russian Federation had been received too late for evaluation by TEAP, it was agreed to retain only the figures for 1997, with the figures for 1998 to be determined by the next Meeting of the Parties.

42. The square brackets were removed from the CFC quantities for Australia.

43. All square brackets were removed from Appendix III 2/ and, in the first footnote, the reference to "Column L" was changed to "Column M."

44. After some further discussions, the Working Group decided to delete paragraph 10 and to amend paragraph 11 to read:

"To allow the Secretariat, in consultation with the Technology and Economic Assessment Panel, to authorize, in an emergency situation, if possible by transfer of essential-use exemptions, consumption of quantities not exceeding 20 tonnes of ODS for essential uses on application by a Party prior to the next scheduled meeting of the Parties. The Secretariat should present the information to the next Meeting of the Parties for review and appropriate action by the Parties."

45. The Meeting then decided to approve the draft decision, as amended, for submission to the Meeting of the Parties.

Decision VIII/8. Industry code of conduct for transition by a Party not operating under Article 5 from CFC-based metered-dose inhalers

46. A contact group, consisting of the representatives of Australia, Austria, Botswana, Canada, European Community, Finland, France, India, Indonesia, Italy, Mexico, New Zealand, Republic of Korea, South Africa, Sweden, Switzerland, United Kingdom and United States of America, to be coordinated by the United States of America, was set up to consider draft decision VIII/8.

1/ As contained in annex II to the report of the Eighth Meeting of the Parties, document UNEP/OzL.Pro.8/12.

2/ As contained in annex IV to the report of the Eighth Meeting of the Parties, document UNEP/OzL.Pro.8/12.

47. The convenor of the contact group said that it had been decided to divide draft decision VIII/8 into two separate parts, the present draft decision VIII/8 and a new VIII/8 bis.

48. The proposed draft decision VIII/8 was approved for transmission to the Meeting of the Parties.

Decision VIII/8 bis. Measures to facilitate a transition by a Party not operating under Article 5 from CFC-based MDIs

49. The proposed draft decision VIII/8 bis was approved for transmission to the Meeting of the Parties.

Decision VIII/9. Information-gathering on a transition to non-CFC treatments for asthma and chronic obstructive pulmonary disease for Parties not operating under Article 5

50. It was agreed that the small group considering draft decision VIII/8 should also consider draft decision VIII/9.

51. A revised draft decision VIII/9 was submitted by the contact group. Several representatives proposed some changes.

52. Several representatives having suggested that a reference be included to having an assessment made by TEAP on how the transition would be carried out and the quantities of ODS saved, the representatives of TEAP and the relevant TOC and a Co-Chair of the Science Assessment Panel assured them that the matter was covered by an existing mandate and that such an assessment would, in fact, have a relative impact.

53. The revised draft decision was approved for transmission to the Meeting of the Parties.

Decision VIII/10. Uses and possible applications of hydrochlorofluorocarbons (HCFCs)

54. The draft decision was approved, without amendment, for submission to the Meeting of the Parties.

Decision VIII/11. Further clarification of the definition of "bulk substances" under decision I/12A

55. A number of delegates suggested that the words "in bulk" should be deleted from paragraph 2 but the Executive Secretary referred them to Decision I/12A, which made it clear that the words "in bulk" were necessary.

56. It was agreed that the words "in units greater than ... kg net" in paragraph 2 should be deleted. With that amendment, the text was approved for submission to the Meeting of the Parties.

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Decision VIII/12. Control of trade in methyl bromide with non-Parties

57. The representative of Kenya said that his delegation felt unhappy about the approach adopted in the current draft decision and in draft decision VIII/11, already approved. Methyl bromide was closely linked to the supply of food and, in the aftermath of the World Food Summit, a less limited and discriminatory approach would be preferable.

58. Draft decision VIII/12 was approved for submission to the Meeting of the Parties, note being taken of the view of Kenya.

Decision VIII/13. Critical agricultural uses of methyl bromide

59. One representative, speaking on behalf of the member States of a regional economic integration organization as well as the organization itself, introduced a new draft version of paragraphs 2 and 3 of draft decision VIII/13. Another representative strongly supported the proposal, saying that the matter should definitely be resolved before the Ninth Meeting of the Parties, the more so as work was already under way in response to Decision VII/8.

60. Several delegations expressed the view that the meeting was tackling the matter in the wrong order: it was necessary to deal first with the question of viable alternatives to methyl bromide before going on to consider critical agricultural uses.

61. Another representative said that, since critical agricultural uses would not become an issue for another 14 years, there was no need to rush to settle the matter by the Ninth Meeting.

62. The representative of a non-governmental organization, speaking on behalf of the International NGO Alliance for Ozone Layer Protection, suggested that discussion of critical use exemptions should be postponed. What was important was to focus on accelerating phase-out, whereas discussing critical use exemptions would delay that process. She added that the draft decision should also cover quarantine and preshipment uses of methyl bromide.

63. The Co-Chair said that, given the decision taken at the Seventh Meeting of the Parties, the issue of further control measures on methyl bromide would definitely be on the agenda of the Ninth Meeting, to which TEAP had been requested to deliver its report. Hence, the Meeting had to consider whether it should not also take up the issue of critical agricultural uses at the Ninth Meeting. The Co-Chair asked the representatives of the European Community and Canada to produce a draft decision which would concentrate on the fact that work had already been set in motion for control measures.

64. The Executive Secretary read out Decision VII/8 at the request of a representative, who then pointed out that the decision referred to alternatives to methyl bromide, not to critical agricultural use. In response, the Executive Secretary said that, in a separate decision, TEAP had also been requested to examine the need for and the modalities and criteria that could be used to facilitate review and approval of requests for critical agricultural use exemptions.

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Decision VIII/14. Minimizing emissions of halons

65. The representative of a regional economic integration organization introduced a previously circulated conference room paper as an alternative to the text of the draft decision VIII/14 contained in document UNEP/OzL.Pro.8/7, noting the importance of improving knowledge of critical halon needs.

66. After discussion, the Meeting agreed to forward draft decision VIII/14, to the Meeting of the Parties for its consideration.

Decision VIII/15. List of products containing controlled substances in Group II of Annex C (hydrobromofluorocarbons) of the Protocol

67. Draft decision VIII/15 was approved for submission to the Meeting of the Parties.

Decision VIII/16. Organization and functioning of the Technology and Economic Assessment Panel

68. One representative, speaking on behalf of the member States of a regional economic integration organization as well as for the organization itself, introduced a draft decision on the issue and explained that, while the operation of TEAP was still formally governed by Decision I/3, much had changed in the time since that decision had been taken.

69. He stressed that it was important that TEAP should remain a technical consultative body, without a political function, and said that the draft amended terms of reference had been drawn up in consultation with TEAP. He welcomed the provisions in the code of conduct aimed at protecting members from conflict of interest and undue pressure from employers or other bodies.

70. The representative of TEAP confirmed that TEAP was fully in agreement with the amended terms of reference.

71. Some representatives proposed that the 50 per cent representation of Parties operating under Article 5 in TEAP and TOCs should not be subject to the availability of financing. They also suggested other amendments accepted by the Meeting.

72. The Meeting agreed to forward the draft decision, the draft terms of reference and the amended code of conduct, as amended, to the Meeting of the Parties for its consideration.

Decision VIII/17. Illegal imports and exports of controlled substances

73. Introducing this item, one representative said that Decision IV/24 had created a loophole for mislabelling, with importers claiming that substances imported were used and recycled, and thereby escaping the control procedures. He said that his country had established a system for prior validation of

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used and recycled substances. The system had proved very effective, and the draft decision urged other Parties not operating under Article 5 to establish a similar system, in order to stem the flow of illegal mislabelled ODS.

74. Another representative, supporting the first, stressed that the fraudulent use of customs codes made it impossible for countries to detect imports in every case. In consequence, the issue of customs codes had to be covered in any draft decision.

75. The Executive Secretary said that the question of customs code numbers could be an issue for the next meeting. He said that the Secretariat would examine the question of customs codes and inform the Open-ended Working Group of its findings.

76. The representative of a non-governmental organization said that the only real way to defeat illegal trade was to ban the use of ODS altogether.

77. Some representatives suggested that the terms of the decision should be widened to cover exports as well as imports. Other representatives replied that the proposal was unacceptable, since it had not yet been studied and there was therefore no way of knowing how much extra effort the inclusion of exports would entail.

78. Another representative proposed a different system under which both importers and exporters would have to certify, and demonstrate by marks, that their products were not ozone-depleting.

79. The Co-Chair asked the representatives of Kenya, Lesotho, Panama, the Russian Federation and the United States of America to discuss their differing views and attempt to reach consensus.

80. The group submitted an additional paragraph to the proposed text, which was approved after a few changes.

81. In response to the request of some delegates to include a reference to equipment containing ODS, the Executive Secretary explained, at the invitation of the Co-Chair, that the decision under discussion dealt exclusively with ozone-depleting substances. He recalled that the Sixth and Seventh Meetings of the Parties had already discussed the matters related to equipment containing ODS, and that it was covered in Decision VII/32.

82. The proposed draft decision was approved without amendment for submission to the Meeting of the Parties for its consideration.

Decision VIII/18. Revised formats for reporting data
under Article 7 of the Protocol

83. Introducing the item, one representative said that the objective was to reduce the somewhat daunting reporting requirements for those Parties which had already totally phased out certain ODS or which were very low-consuming countries.

84. The Meeting agreed to retain the current reporting formats until they were revised in 1997.

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85. One delegate suggested that clear instructions should be given on which reporting requirements applied to Parties which had ratified only the Montreal Protocol, which to those which had ratified the various Amendments, and so on.

86. One delegation suggested that, in preparing its report, the Secretariat should seek the views of Parties on which reporting provisions were essential for assessing compliance and which might no longer be necessary.

87. The draft decision, as amended, was adopted for submission to the Meeting of the Parties.

88. The Meeting agreed to forward the draft decision, as amended, to the Meeting of the Parties for its consideration.

Decision VIII/19. Compliance with the Montreal Protocol by Latvia

89. Draft decision VIII/19 was approved for submission to the Meeting of the Parties.

Decision VIII/20. Compliance with the Montreal Protocol
by Lithuania

90. Draft decision VIII/20 was approved for submission to the Meeting of the Parties.

Decision 20 bis. Non-compliance by the Czech Republic with
the halon phase-out by 1994

91. This draft decision, proposed by the Implementation Committee, was approved for submission to the Meeting of the Parties.

Decision VIII/21. Compliance with the Montreal Protocol
by Russian Federation

92. Introducing the draft decision, the Co-Chair suggested that the Meeting consider together documents UNEP/OzL.Pro.8/CRP.1, submitted by the Government of Kenya, and UNEP/OzL.Pro.8/CRP.5 which emanated from the meetings of the Implementation Committee.

93. At the request, of the Co-Chair, the sponsor of document UNEP/OzL.Pro.8/CRP.1 introduced the proposal to the Parties and added that its objective was to curtail any dumping of ODS in Article 5 countries, as had been discussed at the last Meeting of the Parties in 1996. He then stressed that the only objective of the proposal was to reflect appropriately the consensus arrived at in Vienna.

94. Several delegations, supporting the proposal, added that it was vital to control the surplus of ODS in their regions and that they felt its spirit was that of correcting a mistake that had been made in the wording proposed by the Group of 77 and China at the Seventh Meeting of the Parties.

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95. The representative of the Russian Federation, while stressing his country's strong commitment to the regulation of exports and re-exports under the obligations of the Montreal Protocol, said that the proposal under consideration was against the spirit of the Montreal Protocol and noted that some Parties operating under Article 5 had increased considerably their production of ODS. In addition, he expressed concern that adoption of the proposal under discussion would only mean that, while the Russian Federation would withdraw from ODS markets, other producers would take its place and the country's economic situation would deteriorate further. He then suggested that the Parties should strengthen control measures on illegal trade.

96. One delegation said that the decision that had been adopted by the Seventh Meeting of the Parties regarding the issue under discussion truly reflected the discussion in that meeting and that, having reviewed the transcripts and the original proposal of the Group of 77 and China, it believed that any change in that decision would need a fresh discussion to be taken up again by the Parties.

97. One representative, supported by several others, said that although they felt encouraged by the efforts undertaken by the Russian Federation in complying with the Montreal Protocol, they also supported the underlying principle of the proposal introduced by the representative of Kenya. They believed that discussions on the issue should be guided by a focus on the problem of exports of used and recycled ODS from Parties that continued to produce ODS contrary to their obligations under the Protocol. Such activities slowed down progress towards the elimination of ODS and protection of the ozone layer.

98. On that basis, they proposed that the issue be discussed at the next meeting of the Open-ended Working Group by a small group of interested Parties operating and not operating under Article 5. In moving forward on the issue, future efforts would be based on two guiding principles: in the first instance, the use and interpretation of existing provisions under the Protocol would be discussed while, in the second instance, decisions and, if required, amendments to the Protocol would be considered. Any modified or new provisions of the Protocol would be multilateral in nature and would not target individual countries.

Draft decision VIII/21 bis. Exports of ozone-depleting substances and products containing ozone-depleting substances

99. After an informal discussion, the Meeting decided to forward draft decision VIII/21 bis to the Meeting of the Parties for its consideration.

Draft decision VIII/22. Co-Chairs of the Open-ended Working Group to the Parties to the Montreal Protocol

100. After an informal discussion, the Meeting decided to forward draft decision VIII/22 to the Meeting of the Parties for its consideration.

Draft decision VIII/23. Financial matters: financial report and budgets

101. The Chair of the open-ended contact group examining the issue reported on the progress the group had made in reaching consensus on a draft decision on the financial report and budgets.

102. The Meeting agreed to forward draft decision VIII/23, as amended, to the Meeting of the Parties for its consideration.

Draft decision VIII/24. Ninth Meeting of the Parties to the Montreal Protocol

103. The Meeting agreed to forward draft decision VIII/24 to the Meeting of the Parties for its consideration.

Draft decision VIII/25. Application of Georgia for developing country status under the Montreal Protocol

104. The Chair of the open-ended contact group set up to examine the issue, France, introduced a draft decision resulting from the work of the group. The group had examined the request of Georgia to be classified as a developing country under the terms of the Montreal Protocol. It had considered documents UNEP/OzL.Pro.8/8 and UNEP/OzL.Pro.8/8/Add.1, but the addendum had not been accepted by the group. The group had noted that Georgia was fully aware that it would cease to be eligible for GEF funds for ODS phase-out as soon as it was classified as a Party operating under Article 5 of the Montreal Protocol.

105. The group also considered the question of reclassification of existing Parties of the Montreal Protocol as developing countries. It felt that the Meeting of the Parties, in considering such applications in the future, should take into account the potential implications for the Multilateral Fund of the Montreal Protocol.

106. The Meeting authorized one representative of India to speak on behalf of the Preparatory Meeting on the reclassification issue.

107. The Meeting agreed to forward draft decision VIII/25, to the Meeting of the Parties for its consideration.

IV. CONSIDERATION OF THE REPORT OF THE CHAIR OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

108. The Chairman of the Executive Committee, introducing its report to the Eighth Meeting of the Parties (UNEP/OzL.Pro.8/6), said that, despite the fact that it had many new members serving for the first time, the Committee had succeeded in completing its business in two meetings only, at which it had considered an extensive programme of proposals for investment projects and other activities to support the phase-out of ozone-depleting substances (ODS) developed by the four implementing agencies. The Committee had approved a total expenditure of some US\$ 103 million which would phase out about 11,000 tonnes of ODS.

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109. He then mentioned some of the highlights of the report, with particular reference to the status of the Multilateral Fund and its future operation, the various guidelines in place or being developed and the use of hydrochlorofluorocarbons (HCFCs) as substitutes for chlorofluorocarbons (CFCs).

110. In response to questions asked by members of the Working Group, he said that the discretionary fund, referred to in paragraph 22, subparagraph (a), was merely a mechanism for allocation of the Multilateral Fund's resources and not a separate fund and that UNEP had received US\$ four million in 1996.

111. The Chief Officer of the Multilateral Fund, answering further questions put by members of the Working Group, said that there were several reasons why only 9 out of 26 demonstration projects had been completed in the refrigeration and halon sectors. In the first place, a number of the projects were quite recent, having been submitted in 1996 and late 1995. Moreover, since demonstration projects were concerned with the application of new technologies, the country and implementing agency concerned had to be completely ready to proceed and the relevant expertise and equipment had to be available. He added that full details of the demonstration projects, both completed and in progress, were readily available from the secretariat of the Multilateral Fund and from the United Nations Environment Programme Industry and Environment Centre (UNEP/IE) in Paris.

112. Several representatives said that, in view of the fact that UNEP, in addition to its role as a project-implementing agency, had also a very important clearing-house function, the US\$ four million allocation was not particularly generous. One representative, in particular, drew attention to the importance of adequate funding for the networks for cooperation among governmental offices in charge of strategies to phase out ozone-depleting substances, with particular reference to coordinating the increasing needs in the light of the upcoming freeze and subsequent reduction requirements.

113. The Chairman of the Executive Committee replied that the Committee had always given favourable consideration to UNEP requests and was certainly supportive of the networks. If UNEP requested more funds for such activities, the Executive Committee would consider them. However, it was for UNEP to propose the appropriate funding.

114. One representative said it was not clear what funds would be allocated to the implementing agencies for methyl bromide replacement demonstration projects. Another representative having expressed dismay regarding the recurrent problem of arrears in contributions to the Multilateral Fund, said that his delegation was not very satisfied with the position regarding the transfer of technology and was somewhat surprised that the Multilateral Fund did not appear to have financed a single project related to the chemical or tobacco industries. Yet another representative said that the question of the transfer of technology was particularly acute in respect of the replacement of methyl bromide in food and agriculture uses.

115. The Chairman of the Executive Committee replied that US\$ 100,000 had been earmarked for the preparation of demonstration projects related to the replacement of methyl bromide and US\$ 3 million for the projects themselves. The question of arrears in contributions was a matter for the Parties to

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consider. Transfer of technology, which was discussed at almost every meeting he could remember, was a very difficult question, involving as it did intellectual property rights. When funds were being approved for a project, the Committee had to be satisfied that the appropriate technology would be available.

116. The Chief Officer of the Multilateral Fund said there had been some difficulty in establishing guidelines for the calculation of incremental costs in the tobacco industry. Some provisional guidelines had been prepared and one project approved. Two further projects had been submitted by the World Bank and, once the Executive Committee had looked at them in the light of the provisional guidelines, the situation might become clearer.

117. The representative of a non-governmental organization said that, although paragraph 41 stated that, where conversion to HCFCs was recommended, a full explanation of the reasons must be given, his organization was aware of at least one case in which the Multilateral Fund had financed such a conversion when it was not justified, possibly on the basis of inaccurate information. Priority should always be given to conversion not involving ODS or damaging the environment.

118. The Chief Officer of the Multilateral Fund said that, if a company chose conversion to HCFCs, it did so at its own risk, as the Fund would not finance a subsequent conversion.

VI. OTHER MATTERS

119. There were no other matters.

VII. ADOPTION OF THE REPORT

120. The report of the Preparatory Meeting for the Eighth Meeting of the Parties to the Montreal Protocol was adopted on the basis of the draft report in documents UNEP/OzL.Pro.8/Prep/L.1 - UNEP/OzL.Pro/WG.1/14/L.1 and Add.1, Add.1/Corr.1, Add.2 and Add.3.

VIII. CLOSURE OF THE MEETING

121. The Meeting was declared closed on 26 November 1996, at 22.00 p.m.
