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

**Issues for discussion by and information for the attention of the
Meeting of the Parties**

Note by the Secretariat

Introduction

1. The present note provides, in chapter I below, a summary for delegates of issues for discussion during the preparatory segment of the Eighteenth Meeting of the Parties to the Montreal Protocol. Recommendations made by the preparatory segment will be forwarded to the high-level segment of the Eighteenth Meeting of the Parties for consideration and adoption.

2. Chapter II of the present note reviews issues that the Secretariat would like to bring to the attention of the Parties, including issues related to the celebration of the twentieth anniversary of the Montreal Protocol and publication of an updated Handbook for the International Treaties for the Protection of the Ozone Layer.

**I. Summary of issues for discussion by the preparatory segment of
the Eighteenth Meeting of the Parties to the Montreal Protocol**

**A. Item 3 of the provisional agenda: Consideration of membership of Protocol
bodies for 2007**

1. Members of the Implementation Committee

3. The Eighteenth Meeting of the Parties will consider the issue of membership of the Implementation Committee. In accordance with the non-compliance procedure adopted by the Parties, the Implementation Committee is to consist of representatives of 10 Parties which are elected for two years on the basis of equitable geographical distribution. Representatives of outgoing Parties may be re-elected for a second consecutive term. In accordance with decision XII/13, the Committee selected to serve in 2007 is requested to elect its President and Vice-President during the Meeting itself in order to ensure continuity of these two offices. Draft decision XVIII/CC on this item is included in chapter III of document UNEP/OzL.Pro.18/3.

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2. Members of the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol

4. The Eighteenth Meeting of the Parties will consider the issue of membership of the Executive Committee. In accordance with its terms of reference, the Committee consists of seven members from the group of Parties operating under paragraph 1 of Article 5 of the Montreal Protocol and seven members from the group of Parties not so operating. Each group elects its Executive Committee members, who are then formally endorsed by the Meeting of the Parties. The group of Parties operating under Article 5 may wish to select the members to represent it in the Executive Committee for 2007 and also the Vice-Chair of the Committee for that year. The group of Parties not operating under Article 5 may wish to select its seven members of the Committee and the Chair for 2007. The Eighteenth Meeting of the Parties will be asked to endorse the selections of the new members and to note the selection of the Chair and Vice-Chair of the Committee for 2007. Draft decision XVIII/DD on this item is included in chapter III of document UNEP/OzL.Pro.18/3.

3. Co-Chairs of the Open-ended Working Group

5. In accordance with decision XVII/46 of the seventeenth Meeting of the Parties, Mr. Tom Land (United States of America) and Mr. Yahaya Nazari (Malaysia) have served as Co-Chairs of the Open-ended Working Group of the Parties to the Montreal Protocol for 2006. The Eighteenth Meeting of the Parties may wish to consider the chairmanship of the Open-ended Working Group in 2007. Draft decision XVIII/BB on this item is included in chapter III of document UNEP/OzL.Pro.18/3.

B. Item 4 of the provisional agenda: Financial reports and budgets of the trust funds for the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol on Substances that Deplete the Ozone Layer (UNEP/OzL.Pro.18/4 and Add.1)

6. The Secretariat's proposed budget is given in document UNEP/OzL.Pro.18/4 and the financial report on expenditures in 2005, together with the audited and certified financial report for the biennium 2004–2005, is shown in document UNEP/OzL.Pro.18/4/Add.1. Under this agenda item, it is expected that the preparatory segment of the Meeting of the Parties will establish a budget committee to review the proposal, deliberate and recommend action as appropriate to the Eighteenth Meeting of the Parties.

C. Item 5 of the provisional agenda: Status of ratification of the Vienna Convention, the Montreal Protocol and amendments to the Montreal Protocol

7. The Meeting of the Parties will review the status of ratification of the Vienna Convention, the Montreal Protocol and its amendments. Since the Seventeenth Meeting of the Parties, and as of 15 July 2006, three new countries have ratified the London Amendment, four new countries have ratified the Copenhagen Amendment, seven new countries have ratified the Montreal Amendment and 10 new countries have ratified the Beijing Amendment; however, no new countries have ratified either the Montreal Protocol or the Vienna Convention. Therefore, there remain seven countries that are non-parties to the Montreal Protocol, Andorra, Equatorial Guinea, the Holy See, Iraq, Montenegro, San Marino and Timor-Leste, and six countries, Andorra, the Holy See, Iraq, Montenegro, San Marino and Timor-Leste, that are not Parties to the Vienna Convention. The Secretariat will continue to communicate with those countries in an effort to persuade them to ratify the Convention and Protocol before the twentieth anniversary meeting in September 2007. Parties with close ties to those countries may also wish to work bilaterally with them in an effort to gain their accession before next year with the goal of achieving universal participation in the Protocol by the twentieth anniversary. A draft decision to memorialize the status of ratifications at the time of the meeting has been prepared for consideration by the Parties and may be found as draft decision XVIII/AA in chapter III of document UNEP/OzL.Pro.18/3.

D. Item 6 of the provisional agenda: Consideration of issues arising out of the 2006 reports of the Technology and Economic Assessment Panel

1. Item 6 (a): Review of nominations for essential-use exemptions

8. In accordance with decision IV/25, two Parties, the European Community and the United States of America, have submitted requests for essential-use exemptions for chlorofluorocarbons (CFCs) for the manufacture of metered-dose inhalers applicable to the years 2007 and 2008. In accordance with the criteria set forth in decision IV/25, the Technology and Economic Assessment Panel reviewed those nominations and recommended their approval at the levels nominated (see pages 23–48 of the Panel's 2006 progress report).

9. In addition to essential-use exemption requests for metered-dose inhalers, the Panel reviewed an essential-use nomination from the Russian Federation submitted after the deadline for such nominations, which requested an exemption for the use of CFC-113 for the years 2007–2010 for aerospace applications. Because of timing constraints, the Panel agreed that it could not give the request the full consideration it deserved, but it did recommend that the Parties consider granting the requested exemption for 2007 on the understanding that in its next report the Panel would thoroughly examine the request as it pertained to the years 2008–2010.

10. At the twenty-sixth meeting of the Open-ended Working Group, representatives heard a presentation from the Technology and Economic Assessment Panel on its initial review of the nominations put forward by Parties for essential-use exemptions. In the ensuing discussion, three proposed decisions were put forward, and the meeting agreed that those proposals should be put before the Eighteenth Meeting of the Parties for further consideration. The draft decisions considered at the twenty-sixth meeting of the Open-ended Working Group are reproduced as draft decisions XVIII/A, B and C in chapter I of document UNEP/OzL.Pro.18/3.

2. Item 6 (b): Review of draft terms of reference for case studies called for under decision XVII/17 on environmentally sound destruction of ozone-depleting substances

11. In decision XVII/17 the Meeting of the Parties called on the Technology and Economic Assessment Panel to prepare draft terms of reference for the conduct of case studies on the technology and costs associated with a process for replacement of CFC-containing refrigeration and air conditioning equipment, including the environmentally sound recovery, transport and final disposal of such equipment and of the associated CFCs, and to submit said terms of reference to the Parties at the twenty-sixth meeting of the Open-ended Working Group. In that same decision, a request was made to the Technology and Economic Assessment Panel to consider the synergies between the Montreal Protocol and various other multilateral environmental agreements. The Panel's consideration of those issues can be found on pages 227–228 and 92–96, respectively, of its 2006 progress report.

12. At its twenty-sixth meeting, the Open-ended Working Group reviewed the Technology and Economic Assessment Panel's work on these matters and, among other things, discussed the fact that the Executive Committee of the Multilateral Fund also intended to commission a study on the destruction issue. During the Working Group meeting, a contact group was established to come to agreement on final terms of reference for the study. The interim work of that contact group is reproduced as draft decision XVIII/D in chapter I of document UNEP/OzL.Pro.18/3.

13. In considering this issue, the Meeting of the Parties may also wish to note that the Secretariat has received correspondence from the Chair of the Executive Committee transmitting a decision of that body related to their consideration of this matter. Specifically, the Executive Committee's decision noted the commonalities between the terms of reference being considered by the Executive Committee and those being considered by the Parties. In that regard, the decision stated that the issues raised by both sets of terms of reference could be considered by the Executive Committee given that it had already held substantial discussions and initiated some work with respect to studying the issue of collection, recovery, recycling, reclamation, transportation and destruction of unwanted ozone-depleting substances. Therefore, the decision stated that a request could be directed to the Executive Committee to develop consolidated terms of reference, and, if agreed by the Executive Committee, that body could initiate a study based on those terms of reference and report to the Nineteenth Meeting of the Parties to the Protocol on the progress made in that respect.

3. Item 6 (c): Report on activities relating to clarifying the source of discrepancies between emissions determined from bottom-up methods and atmospheric measurement (decision XVII/19, paras. 6 and 7)

14. In decision XVII/19, paragraphs 6 and 7, the Meeting of the Parties requested the Technology and Economic Assessment Panel to coordinate with the Scientific Assessment Panel and the World Meteorological Organization to clarify the sources of discrepancies between emissions determined from bottom-up methods and atmospheric measurement with a view to identifying use patterns for the total production forecast for the period 2002–2015, and making improved estimates of future emissions from banks, servicing practices and recovery and recycling activities, and end-of-life. The Panel is expected to report to the Parties on related activities that have been undertaken since the Seventeenth Meeting of the Parties pursuant to that decision.

4. Item 6 (d): Sources of carbon tetrachloride emissions and opportunities for reductions (decision XVI/14)

15. In decision XVI/14, the Sixteenth Meeting of the Parties called on the Technology and Economic Assessment Panel to assess global emissions of carbon tetrachloride from certain specific use categories and to report to the Eighteenth Meeting of the Parties with an assessment of potential solutions for achieving reductions of related emissions. The report of the Technology and Economic Assessment Panel and its Chemicals Technical Options Committee on this matter can be found on pages 78–90 of the Panel's 2006 progress report.

16. The report includes a review of the sources of the production of carbon tetrachloride, the Parties reporting on their production and consumption of carbon tetrachloride and the various current uses of this ODS. Among other things, the report concluded that there appeared to be a discrepancy between reported emissions and observed atmospheric concentrations; at the twenty-sixth meeting of the Open-ended Working Group, the Panel concluded that it could not yet determine the source of that discrepancy.

17. Following a discussion of the Panel's report at that meeting, the Open-ended Working Group agreed to advance a proposal for further work in this area to the Eighteenth Meeting of the Parties for its consideration. That proposal is reproduced as draft decision XVIII/E in chapter I of the document UNEP/OzL.Pro.18/3.

5. Item 6 (e): Other issues arising out of the 2006 reports of the Technology and Economic Assessment Panel

18. During the twenty-sixth meeting of the Open-ended Working Group, the Parties agreed to put on their agenda two specific issues under this item: the outstanding process agent requests by Brazil and Turkey (which are covered on pages 8 and 65–68 of the 2006 progress report), and the Panel's membership and budget (which is covered on pages 229–230 of the report). With regard to the first issue, the Open-ended Working Group took note of but did not recommend action on the Panel's discussion of these process agent applications, and it was noted that if no action were taken by the Eighteenth Meeting of the Parties, they might be considered again in the context of the Panel's biennial review of such applications as required by decision XVII/6. Regarding the membership and budget of the Panel, the Working Group took note of but did not recommend any action on the Panel's request for funding for 26 travels for 13 non-article 5 Party members during 2007. The Open-ended Working Group nonetheless agreed to keep these issues on the agenda for the Meeting of the Parties. The Meeting of the Parties may wish to consider these issues as deemed appropriate.

E. Item 7 of the provisional agenda: Consideration of the report of the Secretariat's expert group meeting on the ozone-depletion-related results of the Technology and Economic Assessment Panel/Intergovernmental Panel on Climate Change special report and the Technology and Economic Assessment Panel's supplementary report (decision XVII/19)

19. In accordance with decision XVII/19, the Secretariat held a one-day expert group meeting immediately following the twenty-sixth meeting of the Open-ended Working Group with the goal of producing a list of the practical measures related to ozone depletion that arose from the Technology and Economic Assessment Panel/Intergovernmental Panel on Climate Change special report and the Technology and Economic Assessment Panel's supplementary report. The report of that meeting is available as document UNEP/OzL.Pro.18/5. The preparatory segment of the Meeting may wish to consider the report and recommend action to the Eighteenth Meeting of the Parties as appropriate.

F. Item 8 of the provisional agenda: Consideration of methyl bromide-related issues

1. Item 8 (a): Consideration of nominations for critical-use exemptions for methyl bromide and related matters (decisions IX/6, XIII/11 and XVI/4)

20. Pursuant to paragraph 2 of decision IX/6 and decision XIII/11, new 2007 and 2008 nominations for critical-use exemptions for methyl bromide were submitted by or on behalf of the following 14 Parties: Australia, Canada, France, Greece, Ireland, Israel, Italy, Japan, Netherlands, New Zealand, Poland, Spain, United Kingdom of Great Britain and Northern Ireland and United States of America. The Methyl Bromide Technical Options Committee met from 3 to 8 April in Dubrovnik, Croatia, and will meet again from 28 August to 2 September in Yokohama, Japan, to evaluate those nominations, and its final evaluation report is expected to be dispatched to the Parties in late September. In accordance with decision XVI/4 and its associated annex, that final evaluation report will serve as a submission of the standard presumptions that underlie the Committee's recommendations on critical-use nominations, and also of the Committee's plan of work for 2007.

21. The preparatory segment of the Meeting of the Parties is expected to review the nominations for critical-use exemptions and the recommendations of the Methyl Bromide Technical Options Committee and prepare a draft decision for consideration by the Eighteenth Meeting of the Parties.

2. Item 8 (b): Report on the possible need for methyl bromide critical-use exemptions over the next few years based on a review of methyl bromide national management strategies (decision Ex.I/4, subparagraph 9 (d))

22. In decision Ex.I/4, the first extraordinary Meeting of the Parties requested the Technology and Economic Assessment Panel to submit a report to the Open-ended Working Group at its twenty-sixth meeting on the possible need for methyl bromide critical uses over the next few years, based on a review of the management strategies submitted by Parties pursuant to paragraph 3 of that decision. At the twenty-sixth meeting of the Open-ended Working Group, the Parties took note of the fact that the Technology and Economic Assessment Panel had not yet received all of the information it needed to make the determination called for in the decision, and that further consideration of this issue should therefore be deferred until the Eighteenth Meeting of the Parties. The Panel's review of the first five national management strategies can be found on pages 159–161 of the Panel's 2006 progress report. The Panel's review of the remaining national management strategies is expected to be included in its final report, which should be dispatched to the Parties by the end of September.

23. The preparatory segment of the Meeting of the Parties may wish to consider the summary of the management strategies prepared by the Technology and Economic Assessment Panel and make any recommendations it deems appropriate to the high-level segment of the Meeting.

3. Item 8 (c): Quarantine and pre-shipment matters (decisions XI/13, paragraph 4, XVI/10 and XVII/9, paragraph 8)

24. In decisions XI/13 and XVI/10, the Meeting of the Parties called on the Technology and Economic Assessment Panel to establish a task force to evaluate data submitted by the Parties on the use of methyl bromide for quarantine and pre-shipment purposes in an effort to establish global use patterns and delineate the quantity of commodity-specific methyl bromide use that could be replaced by technically and economically feasible alternative treatments and procedures. In addition, in decision XVII/9, the Meeting of the Parties called on the quarantine and pre-shipment task force to evaluate and report to the Open-ended Working Group at its twenty-sixth meeting on the long-term effectiveness of soil applications of methyl bromide to control quarantine pests on living plant material. At its twenty-sixth meeting, the Open-ended Working Group took note of the Panel's finding that it had not had sufficient time to complete the study on the effectiveness of methyl bromide in controlling quarantine pests on living plant material, and that it is expected to report on the matter later in 2006. Concerning the evaluation of data related to quarantine and pre-shipment uses, the Open-ended Working Group discussed the Panel's findings, which were based on the submission of only 66 Parties and took note of the Panel's statement that an updated, comprehensive discussion on alternatives for quarantine and pre-shipment uses would be included in the 2006 Methyl Bromide Technical Options Committee assessment.

25. The preparatory segment of the Meeting of the Parties may wish to consider related matters and make recommendations as appropriate.

4. Item 8 (d): Multi-year exemptions for methyl bromide use (decision XVI/3)

26. Decision XVI/3 called on the Parties to elaborate, as far as possible, at the Seventeenth Meeting of the Parties, a framework for spreading critical-use exemptions over more than one year taking into account the large number of criteria set forth in decision XVI/3; however, that effort had been postponed until this year because of time limitations at the Seventeenth Meeting of the Parties. The twenty-sixth meeting of the Open-ended Working Group heard a presentation by the representative of the United States of America regarding the issue and it was agreed to retain it on the agenda for the Meeting of the Parties pending further consultations by the United States with other interested Parties. A draft decision proposed by the United States on the issue can be found as draft decision XVIII/G in chapter I of document UNEP/OzL.Pro.18/3. The preparatory segment of the Eighteenth Meeting of the Parties may wish to consider this issue and make recommendations, as appropriate, to the high-level segment.

5. Item 8 (e): Options that Parties may consider for preventing potential harmful trade in methyl bromide stocks to Article 5 Parties as consumption is reduced in non-Article 5 Parties (decision Ex.I/4, subparagraph 9 (a))

27. Pursuant to decision Ex.I/4, at its twenty-sixth meeting the Open-ended Working Group considered a report by the Technology and Economic Assessment Panel on options that the Parties may wish to consider for preventing harmful trade in methyl bromide stocks to Article 5 Parties as consumption is reduced in non-Article 5 Parties. Specifically, the Working Group reviewed the Technology and Economic Assessment Panel's definition of harmful trade as any trade that adversely impacts the implementation of control measures by any Party, allows a backsliding from implementation already achieved or is counter to the domestic policy of either the importing or exporting Party. The Working Group also reviewed the Panel's suggested options for dealing with harmful trade in methyl bromide:

(a) Article 5 Parties could put in place strong systems for licensing trade in methyl bromide as part of the licensing regimes which they already have or intend to have for CFCs;

(b) All producing Parties could insist on prior informed consent by importing Parties before allowing shipment and delivery;

(c) Parties could levy appropriate taxes on trade in methyl bromide and grant tax concessions for alternatives to promote adoption of alternatives, and the revenue from such a tax on methyl bromide could be used to finance customs enforcement and subsidize alternatives and research on alternatives to methyl bromide;

(d) Article 5 Parties could report periodically on their actual methyl bromide needs and the information so provided could be used to set the level allowed by the Protocol for production to meet basic domestic needs; the Ozone Secretariat could serve as the repository for that information.

28. The deliberations at the twenty-sixth meeting of the Open-ended Working Group did not produce any specific proposals for taking this issue forward. The preparatory segment of the Meeting may wish to consider the status of these matters and make recommendations, as appropriate, to the high-level segment.

6. Item 8 (f): Laboratory and analytical uses of methyl bromide (decision XVII/10)

29. In decision XVII/10, the Meeting of the Parties authorized a laboratory and analytical critical-use exemption for certain categories of methyl bromide use until 31 December 2006 subject to the conditions currently applied to the essential-use exemption for laboratory and analytical uses. In that connection, at its twenty-sixth meeting the Open-ended Working Group considered the Technology and Economic Assessment Panel's report on the relevance of the criteria and categories used for the laboratory and analytical essential-use exemptions to laboratory and analytical critical uses and its conclusion that the existing categories and criteria could cover known methyl bromide issues, with the exception of methyl bromide used for testing alternatives, which could continue to be covered in critical-use exemption nominations. The review of this issue by the Technology and Economic Assessment Panel can be found on pages 69–73 of its 2006 progress report.

30. The deliberations on this issue at the twenty-sixth Meeting of the Open-ended Working Group did not produce any specific proposals for taking this issue forward. Without a decision on this matter, the global exemption for critical laboratory and analytical uses of methyl bromide will lapse at the end of this year. The preparatory segment of the Meeting of the Parties may wish to consider whether the categories and criteria established for the exemption for laboratory and analytical uses of other

ozone-depleting substances should apply to such an exemption for uses of methyl bromide and to make recommendations, as warranted, to the high-level segment of the Eighteenth Meeting of the Parties

G. Item 9 of the provisional agenda: Difficulties faced by some Article 5 Parties manufacturing metered-dose inhalers which use chlorofluorocarbons (decision XVII/14)

31. In decision XVII/14, the Meeting of the Parties called on the Parties to consider a possible decision to address the situation of certain Article 5 Parties which are producing CFC-based metered-dose inhalers but may have problems phasing out that use of CFCs. In that decision, the Meeting of the Parties also called on the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol to examine options which might assist potential related cases of non-compliance and consider appropriate regional workshops to create awareness and educate stakeholders on alternatives to CFC-based metered-dose inhalers. At its twenty-sixth meeting, the Open-ended Working Group noted that preliminary work to be carried out by the Executive Committee was not yet complete, and following discussion in a contact group, it decided to forward a draft decision to the Eighteenth Meeting of the Parties. That draft decision can be found as decision XVIII/F in chapter I of document UNEP/OzL.Pro.18/3.

32. Following the twenty-sixth meeting of the Open-ended Working Group, at its forty-ninth meeting the Executive Committee reviewed the preliminary work carried out by the Fund secretariat pursuant to decision XVII/14, which included a review of the Article 5 Parties producing CFC-based metered-dose inhalers which might face situations of non-compliance because of that continuing use. On the basis of that work, the Executive Committee decided to request one Party to submit a proposal for the development of a transition strategy for the phase-out of CFC-based metered-dose inhalers and to request another Party to finalize, as soon as possible, the preparation of its project for the phase-out of CFC-based metered-dose inhalers. In addition, in that decision the Executive Committee called on the two Parties and their related implementing agencies to include in their 2007 and 2008 national implementation programmes technically viable and economically feasible activities to reduce the greatest amount possible of CFCs in the shortest possible period of time (by means of activities such as introducing non-CFC “drop-in” refrigerants for servicing and cost-effective equipment retrofits); to assess the feasibility of importing recovered and recycled CFCs for servicing existing refrigeration equipment; and, within the flexibility allowed for allocating approved funds between activities, to consider establishing stockpiles of pharmaceutical-grade CFCs for use in metered-dose-inhaler production facilities, if technically feasible and economically viable.

33. The preparatory segment of the Eighteenth Meeting of the Parties may wish to review the related matters and make recommendations, as warranted, to the high-level segment.

H. Item 10 of the provisional agenda: Treatment of stockpiled ozone-depleting substances relative to compliance (UNEP/OzL.Conv.7/7-UNEP/OzL.Pro.17/11, paragraphs 180 and 188)

34. Pursuant to paragraphs 180 and 188 of the report of the Seventeenth Meeting of the Parties, at its twenty-sixth meeting of the Open-ended Working Group the Parties considered the report of the Secretariat, which had been presented to the Implementation Committee at its thirty-fourth meeting, on the treatment by the Committee of cases in which a Party had stockpiled ozone-depleting substances for an exempted use in a future year. The Working Group was told, after the Committee had deliberated the issue, that the Committee had tentatively concluded that if such a situation should occur again, the Secretariat should report three of the four cases presented to the Implementation Committee for case-by-case consideration as possible cases of non-compliance. The Working Group established a contact group, and after consideration of its report agreed that the report of the contact group on the issue should be memorialized so that it could serve as a starting point for further deliberation by the Meeting of the Parties. Accordingly, the relevant paragraphs of the report of the twenty-sixth meeting of the Open-ended Working Group (UNEP/OzL.Pro.WG.1/26/7) are reproduced below.

“136. Reporting on the group’s deliberations, the chair of the group explained that the group had agreed with the Implementation Committee’s definition of the problem as illustrated by the four scenarios and also with the Committee’s conclusion that the fourth scenario appeared to be consistent with the Protocol. The contact group had therefore focused on the other three scenarios and had discussed three options for practical solutions.

137. First, the Meeting of the Parties could clarify that, in calculating production, a Party could earmark quantities for destruction, export or use as feedstock in future years, provided that the Party concerned had in place a domestic system for ensuring that the earmarked quantities were put to their intended uses. Second, the Secretariat could continue to bring any stockpiling deviations to the attention of the Implementation Committee, which would monitor them and report to the Meeting of the Parties. Third, quantities produced in excess of control limits in a given year could be registered through a reporting framework and, where they were exported for basic domestic needs, deducted in the following year. Any such reporting framework should take into account existing reporting obligations. The group recognized that the three options were not mutually exclusive.

138. The group was of the view that, if subsidiary bodies of the Protocol faced situations related to stockpiling prior to the Eighteenth Meeting of the Parties, they should not take any irrevocable action until the Meeting had been able to provide guidance. Finally, the group recognized the existence of a further related problem, namely situations in which it would be more economically and environmentally efficient to allow an Article 5 Party to produce in one year its production entitlements for a number of years on the condition of completing early production plant closure.”

I. Item 11 of the provisional agenda: Feasibility study on developing a system for monitoring the transboundary movement of ozone-depleting substances between Parties (decision XVII/16)

35. By its decision XVII/16, the Meeting of the Parties to the Montreal Protocol approved the terms of reference for a study on the feasibility of developing a system for monitoring the transboundary movement of controlled ozone-depleting substances between Parties and requested the Secretariat to commission such a study and present the results to the Eighteenth Meeting of the Parties. The Parties also approved a sum of \$200,000 from the Trust Fund of the Vienna Convention as a one-time measure to facilitate completion of the study. In January 2006, the Secretariat, through the United Nations Office at Nairobi, invited 14 companies to submit proposals for carrying out the study, and on the basis of those submissions selected Chatham House to carry out the study, in cooperation with the Environmental Investigation Agency.

36. In accordance of the terms of the contract with that company, a final report for submission to the Eighteenth Meeting of the Parties is expected to be dispatched to the Parties by the end of September 2006. The Parties may wish to discuss the report and recommend action as deemed appropriate to the high-level segment of the Eighteenth Meeting of the Parties.

J. Item 12 of the provisional agenda: Guidelines for disclosure of interest for groups such as the Technology and Economic Assessment Panel and its technical options committees

37. At the twenty-sixth meeting of the Open-ended Working Group, the Parties discussed a proposal by Canada on guidelines for disclosure of interests by Protocol-related groups such as the Technology and Economic Assessment Panel and its technical options committees. At that time, it was agreed that Canada would accept comments from the Parties on its proposal, and would produce a new proposal which will be posted on the Secretariat’s website for consideration by Eighteenth Meeting of the Parties. The proposal will also be dispatched to the Parties as soon as it is submitted to the Secretariat.

K. Item 13 of the provisional agenda: Key challenges to be faced by the Parties in protecting the ozone layer over the next decade

38. At the twenty-sixth meeting of the Open-ended Working Group, the Parties discussed a proposal by Canada to initiate discussions on the future of the Montreal Protocol and its institutions. That proposal called for consideration of a large number of questions and issues. In an effort to advance this matter, it was agreed to request Parties to submit any additional questions and issues to the Ozone Secretariat by 12 October 2006 so that they could be distributed to the Parties prior to the Eighteenth Meeting of the Parties to enable further discussions at that meeting. The original Canadian submission is reproduced in section H of chapter I of document UNEP/OzL.Pro.18/3. Submissions by the Parties will be compiled by the Secretariat and communicated to all Parties by the middle of October. The

Eighteenth Meeting of the Parties may wish to consider the proposal by Canada and submissions of the Parties thereon and advance this issue further as deemed appropriate.

L. Item 14 of the provisional agenda: Compliance and data reporting issues considered by the Implementation Committee

39. Under this agenda item, the President of the Implementation Committee will report on the issues considered at the Committee's thirty-sixth and thirty-seventh meetings. Among the issues considered at the thirty-sixth meeting of the Implementation Committee were the Article 7 data submissions for 2005, a draft primer on the Implementation Committee, a paper on standardizing the text of recommendations relating to commonly occurring compliance issues, and an analysis of stockpiling relative to the compliance of developing countries. That meeting adopted 55 recommendations, which are set forth in the report of the meeting (UNEP/OzL.Pro/ImpCom/36/7).

40. Among the issues considered by the Committee at its thirty-sixth meeting was the treatment of data in respect of very small (de minimis) quantities of ozone-depleting substances, relative to compliance with the Montreal Protocol. In the light of the importance of this issue, and the Committee's limited competence to address it, the Committee requested the Secretariat to circulate its recommendation 36/54, which included a request for guidance from the Parties, and a request for the Secretariat to circulate the paper which the Secretariat had prepared on this issue (reproduced in document UNEP/OzL.Pro.18/INF/7) so that the Parties would be in a position to provide the Committee with informed guidance on the matter.

41. The aforementioned paper was originally prepared to address a case involving an apparent deviation from one of the Protocol's control measures by a very small quantity of ODS (.0054 ODP tonnes). The Party involved expressed the view that it was not in non-compliance and that the Secretariat's categorization of its consumption as a deviation was attributable to the fact that the Secretariat and the Party had calculated the Party's baseline and annual maximum allowable consumption to a different number of decimal places. In considering the issue, in its paper the Secretariat noted that neither the Montreal Protocol nor the decisions of the Parties provided guidance to either the Secretariat or the Parties on the number of decimal places to which baseline, base year and production and consumption data must be reported, and, as a result, Parties have reported with varying degrees of specificity. In contrast, the Secretariat has, since 2005, used a standard of three decimal places for the presentation of data. The paper highlighted that the importance of this issue spread beyond the instant case and could increase in the future as the Parties progress towards total phase-out.

42. In an effort to inform the Implementation Committee's discussion on the potential impact of a decision related to the number of decimal places that should be used in determining compliance, the paper evaluated the Parties' data submissions for a number of key years. The evaluation indicated that:

(a) In the majority of cases, the Parties reported their data to two decimal places;

(b) The potential for conflicting interpretations such as that described in the case above were not related to the accuracy of the data reported;

(c) Rounding the maximum allowable consumption for given controlled substances in 2005 to the nearest one or two decimal places using standard rounding techniques would not have allowed greater total global consumption of those controlled substances in that year, but could have had compliance consequences for some Parties;

(d) In the absence of guidance from the Parties, the current situation allows each Party to round its data to the number of decimal places it chooses.

43. In the light of these findings, and considering the increasing workload of the Committee, the paper explored five options that might be considered to address both the instant case and any future similar cases:

(a) Maintaining the status quo whereby the Secretariat uses three decimal places and each Party is free to round its data to the number of decimal places it chooses;

(b) Rounding to the advantage of the Party when the deviation is de minimis (for example, less than one tenth of an ODP tonne), which would essentially ensure equivalent treatment of all Parties;

(c) Directing the Committee to defer consideration of a Party's compliance status if its deviation in a given year was less than an agreed de minimis amount, unless and until the de minimis amount was exceeded in a future year or provided that the situation was corrected in the following year;

(d) Agreeing a standardized number of decimal places to be used in reporting by the Parties, presenting data to the Parties and in referring possible cases of non-compliance to the Implementation Committee;

(e) A combination approach whereby Parties would continue to report to the number of decimal places of which they are capable, the Secretariat would be given guidance on the level of specificity it should use in presentation of data and referral of cases of possible non-compliance, and the Parties would agree on a level of deviation that would trigger a one-year or longer deferral of consideration of the compliance status of the Party concerned.

44. After discussing the paper, the Committee noted its wish to inform the Parties of its desire to seek the Parties' guidance, but also noted that, whereas the final decision on the issue rested with the Parties, its preferred approach was a combination approach as set forth in paragraphs 39–42 of the paper, as it would appear best to accommodate the principles both of accuracy and of practicality. In the interim, the Committee agreed to defer assessment of the compliance issue before it and reconsider the Party's situation in the light of any guidance provided by the Eighteenth Meeting of the Parties. As guidance from the Parties on this issue is relevant to a pending Committee case, the Parties may wish to make a recommendation as deemed appropriate.

45. The thirty-seventh meeting of the Implementation Committee will be held immediately before the Eighteenth Meeting of the Parties. The Committee's recommendations on the compliance issues, including any draft decisions that may be proposed for consideration by the Parties, are expected to be distributed on the second day of the Eighteenth Meeting of the Parties. The Parties are expected to consider the related issues and make recommendations to the high-level segment of the Meeting as appropriate.

M. Item 15 of the provisional agenda: Proposal by Canada for adjustment of the Montreal Protocol

46. At the twenty-sixth meeting of the Open-ended Working Group, the Parties considered the proposal by Canada to adjust the Protocol's provision related to production of CFCs to meet the basic domestic needs of Parties operating under paragraph 1 of Article 5. On the basis of that discussion, Canada proposed to modify its proposal and the proposal so modified is reproduced in chapter II of document UNEP/OzL.Pro.18/3 for discussion by the Eighteenth Meeting of the Parties, along with the original background paper submitted by Canada with that adjustment proposal.

N. Item 16 of the provisional agenda: Other matters

47. The Parties may wish to discuss other matters which have been identified and agreed for consideration at the time of the adoption of the agenda.

II. Issues which the Secretariat would like to bring to the attention of the Parties

A. Secretariat missions

48. In accordance with the directives of the Parties for participation in or monitoring of activities in other relevant forums, the Secretariat was represented at the forty-ninth meeting of the Executive Committee and the Inter-agency Coordination Meeting of the Multilateral Fund in Montreal, Canada, in July 2006. The Secretariat has also been very active in attending ozone-related meetings, including the meetings of regional networks of ozone officers. In addition, the Secretariat is expected to participate in the ozone day celebrations of a number of Parties.

B. Publication of an updated Handbook for the International Treaties for the Protection of the Ozone Layer

49. The Secretariat has initiated arrangements for the preparation of a new edition of the Ozone Handbook. The updated version will include all decisions of the Parties up to and including those taken by the Seventeenth Meeting of the Parties. The new Handbook is expected to be available for the Parties by the time of the Eighteenth Meeting of the Parties.

C. Celebration of the twentieth Anniversary of the Montreal Protocol

50. In an effort to share ideas for activities related to the celebration of the twentieth anniversary of the Montreal Protocol, the Secretariat established an informal advisory group of Parties which met twice on the fringes of the twenty-sixth meeting of the Open-ended Working Group. Activities discussed were divided roughly into three areas: recognition awards, seminars, and media-related activities. The value of having participants from other multilateral agreements was discussed, as was the idea of having a number of publications that would be easily accessible to the public. Over the next several months leading up to twenty-seventh meeting of the Open-ended Working Group, the Secretariat will consult more broadly and initiate processes to select award-winners and establish seminars. In an effort to keep budgetary impacts to a minimum, the Secretariat will maximize budgetary flexibility and seek voluntary contributions from Parties, contributions from non-governmental organizations and support from the host Government to help cover such things as participation of invited guests, holding a technology forum, hiring a media consultant and hosting a celebration event.

D. Ozone-related work in other international forums

51. Pursuant to decision XVI/34, in which the Ozone Secretariat was requested, inter alia, to seek opportunities to enhance its cooperation with other relevant convention or organizations that pertain to issues related to the Montreal Protocol and to report to the Meeting of the Parties on meetings of other conventions or organizations which it attends and any information provided to or requested by the related secretariats, the Ozone Secretariat wishes to inform the Meeting of the Parties that on 27 June 2006¹ it received a letter from the secretariat of the United Nations Framework Convention on Climate Change which transmitted a request for advice from the Convention's Subsidiary Body for Scientific and Technological Advice regarding an issue which may affect the Montreal Protocol regime. Specifically, in paragraph 2 of its decision 8/CMP.1¹ the Subsidiary Body recognized:

“...that issuing certified emission reductions for hydrofluorocarbon-23 (HFC-23) destruction at new HCFC-22 facilities could lead to higher global production of HCFC-22 and/or HFC-23 than would otherwise occur and that the clean development mechanism should not lead to such increases”.

52. Accordingly, the Subsidiary Body sought inputs from interested entities elaborating practical solutions to address the aforementioned implications so that they could be considered in the preparation of a draft decision on the issue for adoption by Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its second session, to take place in November 2006. The Ozone Secretariat does not believe it has been given the authority by the Parties to the Montreal Protocol to submit independent comments to the Subsidiary Body on this issue and it would welcome guidance from the Parties. In any event, and given that this matter affects the Parties to both the Montreal Protocol and the Kyoto Protocol, representatives to the Eighteenth Meeting of the Parties to the Montreal Protocol may wish to consider discussing these matters with their counterparts attending Framework Convention meetings so that the interests of the Montreal Protocol can be taken into account in their deliberations.

53. Also, the Secretariat wishes to inform the Meeting of the Parties that it attended the first meeting of the International Conference on Chemicals Management, held in Dubai, United Arab Emirates, in February 2006. During that meeting, and in the context of the adoption of the Strategic Approach to Chemicals Management, the Montreal Protocol and its Multilateral Fund were invited to consider whether and how, within their mandates, they might support the implementation of appropriate and relevant objectives of the Strategic Approach. The matter was also mentioned in correspondence which the Ozone Secretariat received from the Chair of the Executive Committee of the Multilateral Fund. The secretariats would welcome guidance from the Parties on this matter.

54. In furtherance of both the aforementioned decision XVI/34 and decision XVI/15, in which the Meeting of the Parties requested the Ozone Secretariat to engage in further cooperation with the secretariat of the International Plant Protection Convention, the Ozone Secretariat requested the assistance of the secretariat of the Multilateral Fund in sending a member of the Fund's staff to a meeting in New York of one of the technical panels of the Convention, which was considering a

¹ Framework Convention document FCCC/KP/CMP/2005/8/Add.1, p. 100.

revision to standard 15 of the International Standards for Phytosanitary Measures. A report of that meeting was given to the Parties at the twenty-sixth meeting of the Open-ended Working Group.²

55. Collaboration between the Technology and Economic Assessment Panel and the Intergovernmental Panel on Climate Change on their special report entitled "Safeguarding the ozone layer and climate system" is covered in paragraph 19 above.

56. In decision XIV/11, the Meeting of the Parties requested the Ozone Secretariat, among other things, to monitor developments in the WTO Committee on Trade and Environment in special session and report on them to the Conference of the Parties. The following is a summary of those developments.

57. The WTO Committee on Trade and Environment held two special sessions, in February and July 2006, to consider issues relating to paragraph 31 of the Doha Ministerial Declaration³ on the relationship between existing WTO rules and specific trade obligations set forth in multilateral environmental agreements, the procedures for regular information exchange between WTO and secretariats of multilateral environmental agreements and the reduction or elimination of tariff and non-tariff barriers to environmental goods and services. The process has allowed for a more focused debate on those three issues and a number of new proposals have been made that have greatly enriched discussions under all three paragraph 31 items. Delegations will work further on each of the items when the negotiations resume so as achieve a positive outcome to the mandate.

² See document UNEP/OzL.Pro.WG.1/26/7, para. 109 et seq.
³ WTO document WT/MIN(01)/DEC/1.