



MOP-16 HIGHLIGHTS: TUESDAY, 23 NOVEMBER 2004

Delegates met in Plenary throughout the day, taking up agenda items on methyl bromide, the Multilateral Fund and issues related to ratification, data reporting, compliance, and international and illegal trade. Working groups convened on methyl bromide critical use nominations (CUNs), the working procedures and terms of reference of the Methyl Bromide Technical Options Committee (MBTOC), and financial issues.

PLENARY

METHYL BROMIDE: Handbook, Reporting Forms and Accounting Framework: On Tuesday morning, delegates discussed the latest version of the handbook for critical uses of methyl bromide prepared by the Technology and Economic Assessment Panel (TEAP) and its MBTOC, including the reporting forms and accounting framework appended to it. Chair Kozakiewicz asked Parties to comment on the latest draft, dated 4 November 2004. The EC, supported by AUSTRALIA, opposed adopting the handbook at MOP-16, since it does not incorporate the results of the *Ad Hoc* Working Group on MBTOC's working procedures. However, he proposed adopting the accounting framework at MOP-16, as required by Decision Ex.I/4. AUSTRALIA suggested deferring consideration of the handbook to MOP-17 and, with CANADA, JAPAN and the US, proposed that Parties submitting nominations use it as an informal source of guidance until it is formally adopted. JAPAN encouraged Parties to comment on the substance of the handbook so it could be adopted at MOP-17.

Assessment of the Volume of Methyl Bromide to be Replaced by Alternatives to its Quarantine and Pre-shipment Uses: AUSTRALIA introduced a draft decision on reporting of information relating to quarantine and pre-shipment uses (UNEP/OzL.Pro.16/CRP.5), extending the timeline for Parties to submit data to TEAP to 31 March 2005. The EC suggested amending text to request Parties to submit "up to date" rather than "meaningful" data, and JAPAN suggested "better" data. CHINA called for technical assistance in collecting the relevant data. To address this concern, the US proposed inserting text requesting Parties to submit data "as available." The draft was adopted as amended by the EC, the US and Japan.

Recommendations of the *Ad-Hoc* Working Group on the Working Procedures and Terms of Reference of the MBTOC: Maas Goote (Netherlands), co-chair of the *Ad Hoc* Working Group, introduced a draft decision on the review of the working procedures and terms of reference of the MBTOC (UNEP/OzL.pro/AHWG.MBTOC/2/4). Regarding guidance on application

of the criteria in Decision IX/6, as well as MBTOC's working procedures and membership, Goote expressed confidence that the unresolved issues could be settled at MOP-16. He noted that further discussions were needed on the subject of conflicts of interest, as reflected in the draft decision. AUSTRALIA presented a draft decision, submitted jointly with Japan and reflecting many of the *Ad Hoc* Working Group's views, on the provision of financial support in 2005 for the co-chairs of the MBTOC and to Committee members attending meetings (UNEP/OzL.Pro.16/CRP.8). A discussion ensued on the decision's financial implications. Chair Kozakiewicz requested that the Secretariat provide cost estimates to the Budget Sub-Committee, to be reported to Plenary on Wednesday morning. He proposed the establishment of a contact group to consider remaining bracketed text in the draft decision.

ISSUES RELATED TO THE MULTILATERAL FUND:

Evaluation and Review of the Financial Mechanism: Chair Kozakiewicz introduced the first of several sub-items on the Multilateral Fund, noting that MOP-15 had established a panel to select and oversee an external consultant in evaluating the Montreal Protocol's financial mechanism (Decision XV/47). He explained that ICF Consulting had conducted the study and produced a final report after receiving guidance from the Open-ended Working Group (OEWG). Mark Wagner, ICF Consulting, presented an overview of the report (UNEP/OzL.Pro.16/11), outlining the terms of reference, methodology, data collection process, recommendations, and key opportunities and threats identified. He explained that the report included recommendations covering organizational, technical, and financial aspects of the Fund's work, and covered issues ranging from improved communications to the use of promissory notes and an internal system for quality control.

Parties then offered comments on the report. While agreeing with the report's assessment that no fundamental changes to the Fund were required, the EU highlighted recommendations relating to improving transparency, implementation, quality control, and independent auditing. CHINA and BOTSWANA urged a stronger focus on support to Article 5 Parties for the phase-out of HCFCs, while JAPAN and BOTSWANA drew attention to the issue of projects to minimize illegal trade. Responding to a question about funding delays, Wagner suggested that the Fund's Executive Committee could delegate some authority to the Multilateral Fund secretariat to help reduce such delays.

Parties then discussed the way forward. While praising the report, the US, CHINA and others said they did not agree with all recommendations, and indicated that further discussion was required. Parties then considered what the most appropriate



forum for that discussion might be, with some speakers suggesting that the Executive Committee take up the matter with guidance from the MOP. The BAHAMAS said the Executive Committee should review the report's recommendations, but stressed that the MOP should make the final decision. BRAZIL offered to coordinate work on a draft decision with guidance for the Executive Committee, and Chair Kozakiewicz said informal consultations would be held.

Terms of Reference for the Study on the 2006–2008 Replenishment of the Multilateral Fund: The EC introduced a draft decision on the terms of reference for the study on the 2006–2008 replenishment of the Multilateral Fund (UNEP/OzL.Pro.16/CRP.7). Following a number of proposed amendments and disagreement over text referring to the costs of the EC's proposed adjustment to the Montreal Protocol on methyl bromide, Chair Kozakiewicz suggested that interested Parties meet to amend the decision.

Mexico, for the LATIN AMERICAN AND CARIBBEAN GROUP (GRULAC), also introduced a draft decision urging Parties to pay their outstanding contributions to the Multilateral Fund (UNEP/OzL.Pro.16/3). Delegates decided to forward the draft decision to the high-level segment for adoption.

Amendment of Terms of Reference Relating to the Appointment of the Multilateral Fund's Chief Officer: Marcia Levaggi, Chair of the Executive Committee, reported on communications with UNEP Executive Director Klaus Töpfer aimed at clarifying the process for appointing the Fund's Chief Officer. She indicated that the UN Secretary-General should appoint the Chief Officer of the Multilateral Fund on Töpfer's recommendation, who may in turn consider the Executive Committee's recommendations (UNEP/OzL.Pro.16/14). Chair Kozakiewicz indicated that the MOP would await further communication from the Executive Office of the UN Secretary-General.

Equitable Geographical Representation in the Executive Committee of the Multilateral Fund: Macedonia, for EASTERN EUROPE AND CENTRAL ASIA, introduced a draft decision proposing to give a seat in the Executive Committee of the Multilateral Fund to a representative of this region (UNEP/OzL.Pro.16/3). IRAN and ARGENTINA supported the request for equal representation. Delegates agreed to delay further discussion on the issue pending informal consultations.

RATIFICATION, DATA REPORTING, COMPLIANCE AND ILLEGAL TRADE: Data Reporting under Article 7 of the Protocol: Marco González, Executive Secretary, reported that the significant increase in data reported by Parties had facilitated compliance and the work of the Implementation Committee.

Status of Ratification of the Convention, the Protocol and its Amendments: Gilbert Bankobeza, Secretariat, reported on the status of ratification, and said it is customary for Parties to adopt a decision urging Parties to ratify the Montreal Protocol and its amendments.

Report of the Implementation Committee on Non-Compliance Issues: Implementation Committee President Hassen Hannachi (Tunisia) presented the report of the 33rd meeting of the Committee (UNEP/OzL.Pro/ImpCom/33/4), and introduced draft decisions on data and information provided by Parties (UNEP/OzL.Pro.16/CRP.1 and CRP.1/Add.1). Noting that about 95% of Parties have now reported data for 2003, he said the high rate of reporting is a substantial achievement, and congratulated Parties that brought themselves into compliance. Bankobeza listed corrections to the report.

Chair Kozakiewicz invited comments by Parties. The US, supported by VENEZUELA, asked the Implementation Committee to provide more detailed information for greater transparency. BANGLADESH argued that its consumption of

methyl chloroform is below the limit and that it is in compliance. Noting that it is listed as being in non-compliance in 2003, CHILE said it should have been contacted earlier by the Committee. IRAN argued that it had not failed to provide data, as indicated in the report, stating that the Committee had not been available to receive documentation at MOP-15. President Hannachi responded that the Committee had not singled out Iran, but treated all Parties equally.

At the conclusion of the session, the GEF briefed delegates on its capacity-building projects in countries with economies in transition and called for greater coordination between the secretariats of chemicals-related MEAs.

CONTACT GROUP ON METHYL BROMIDE NOMINATIONS

A closed contact group was held throughout the day to discuss CUNs. Discussions mainly focused on clarifications from the MBTOC regarding the methodology used to assess CUNs, largely in response to questions from numerous non-Article 5 Parties. The MBTOC agreed to prepare a table incorporating the different aspects that were considered in setting the exemptions. Several non-Article 5 Parties criticized MBTOC for stepping beyond its mandate and for a lack of transparency, suggesting they might reject the MBTOC's 2005 CUE recommendations. The 20% reductions, which MBTOC used for a number of 2005 and 2006 CUEs, represented the main point of contention. Some Article 5 Parties expressed concern at non-Article 5 Parties' positions.

CONTACT GROUP ON MBTOC WORKING PROCEDURES

An open-ended contact group met in the evening to work on bracketed text in the draft decision submitted by the *ad hoc* working group on the working procedures and terms of reference of MBTOC (UNEP/OzL.Pro/AHWG.MBTOC/2/4). Discussions dealt with a variety of relevant issues, including the duration of CUNs for methyl bromide. While some participants expressed concern at having multi-year exemptions, most agreed that they may be useful in some cases. The group will reconvene on Wednesday to discuss stocks of methyl bromide and a proposal by the US, after having engaged in consultations with interested Parties.

BUDGET SUB-COMMITTEE

A Budget Sub-Committee met in a closed meeting Tuesday evening to discuss the Secretariat's report on the Trust Funds for the biennium 2002-2003, expenditures for 2003 (UNEP/OzL.Pro.16/5), and the proposal by Australia and Japan to provide financial support to the MBTOC in 2005.

IN THE CORRIDORS

Delegates got down to business Tuesday as contact groups began to meet. For many participants, the ongoing controversy over methyl bromide critical use exemptions continued to be a source of uncertainty. While some delegates seemed quietly optimistic that MOP-16 would secure acceptable compromises, NGO representatives fretted over the size of the exemptions that might be granted for 2006, noting the significant presence and influence of industry at the meeting.

Talk in the corridors also revealed a variety of views on the consultations over the MBTOC working procedures and terms of reference. More than one participant felt the Committee was "paying the price" for coming out with a recommendation to cut methyl bromide exemptions, and that the whole process could be compromised if the MBTOC is undermined and critical use nominations are not reined in further. Others argued that the MBTOC had exceeded its mandate by making policy recommendations, and that the MBTOC discussions were more a matter of ensuring procedural propriety than exacting retribution.