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SECOND MEETING OF THE PARTIES TO THE
MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

London, 27-29 June 1990
Agenda item 7

REPORT OF THE SECOND MEETING OF THE PARTIES TO THE
MONTREAL PROTOCOL ON SUBSTANCES THAT DEplete
THE OZONE LAYER

INTRODUCTION

1. The Second Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer was held at the headquarters of the International Maritime Organization, in London, from 27 to 29 June 1990, at the invitation of the Government of the United Kingdom of Great Britain and Northern Ireland.

I. OPENING OF THE MEETING

A. Opening remarks by the President of the Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer

2. His Excellency Mr. K. Bärlund, Minister of the Environment of Finland and President of the First Meeting of the Parties, declared the meeting open at 10 a.m. on Wednesday, 27 June 1990. He observed that real progress had been made in under three years: agreement had been reached on the Protocol in 1987; it entered into force early in 1989; and political agreement to strengthen the Protocol had been reached soon thereafter at the First Meeting of the Parties, held in Helsinki. A major task facing the Parties was to make financial resources and technology available to developing countries so that they could participate effectively in the international effort that was required.

B. Welcoming remarks by the Secretary-General of the International Maritime Organization

3. Mr. W. O'Neil, Secretary-General of the International Maritime Organization (IMO), welcomed participants to IMO headquarters. As an organization concerned with the marine environment, as well as the operation of ships, IMO recognized that CFCs and halons on board ship caused pollution. Yet, they played an essential role in ensuring safety at sea. There was, therefore, a clear need for changes to be devised and put into effect.

C. Statement by the Prime Minister of the Government of the United Kingdom

4. The Prime Minister of the Government of the United Kingdom, the Right Honourable Mrs. Margaret Thatcher, stated that there was increasing scientific evidence of the damage caused to the ozone layer by CFCs and other chemicals. However, over the previous 15 months there had been encouraging signs of success in convincing the public of the gravity of the situation, as was shown by increased purchases of ozone-friendly products. The United Kingdom had called for a European Community initiative on labelling of products to reinforce that trend by providing honest information. Manufacturers were also constantly developing substitute technologies. It was now for Governments to build on the historic achievement of the Montreal Protocol and draw up a global convention on climate change, which ought to be ready by 1992, in time for the United Nations Conference on Environment and Development.

5. In view of the damage that had already been done to the ozone layer, the targets previously set in the Protocol were not ambitious enough. Higher targets and shorter deadlines must be set for reducing and eliminating CFCs and halons, and the scope of the Protocol must be extended to cover other substances such as carbon tetrachloride and methyl chloroform. The search for safe alternatives must be intensified, which was no easy task. British industry was making some notable contributions.

6. The controls in the Protocol could achieve successful results only if all countries, including those from the third world, were signatories. But countries at any early stage of industrial development had understandable concerns about adverse effects on their economic growth. It was the duty of industrialized countries to help them with substitute technologies and with financing the additional costs involved. Britain supported the proposal for an initial three-year programme of action and was ready to contribute at least \$9 million to it, rising to \$15 million if other major consumers joined the Protocol.

D. Statement by the Executive Director of UNEP and presentation of a Global 500 Award to the Prime Minister of the Government of the United Kingdom

7. Dr. Tolba, the Executive Director of the United Nations Environment Programme (UNEP), expressed his gratitude to the Prime Minister and the Government of the United Kingdom for hosting the meeting, as well as his appreciation to the Secretary-General and staff of IMO for their contribution to its smooth organization. Noting the progress that had been made since the London "Saving the Ozone Layer" Conference had been held 15 months

previously, he said that the groundwork for a successful conclusion of the meeting had been laid through the efforts of the Open-Ended Working Group of the Parties, which had met immediately prior to the current meeting. Difficulties, of course, remained but, in view of what was at stake, there was general agreement that failure could not be contemplated. Indeed, the importance of the meeting went beyond the issues immediately before it: a successful outcome would give rise to greater confidence in tackling the other, much more complex, environmental issues that loomed and would contribute to the establishment of a new political movement to deal with the environmental crisis, based on long-term benefit for all, and rooted in respect for the value of human life and for nature.

8. Finally, praising the United Kingdom Prime Minister for championing the cause of the ozone layer and for her statesmanship on other environmental issues, the Executive Director presented her with a Global 500 Award in recognition of her outstanding work in putting the environment at the top of the international agenda and thus providing an example to many throughout the world.

II. ORGANIZATIONAL MATTERS

A. Attendance

9. The following 54 Parties to the Montreal Protocol were represented: Australia, Austria, Belgium, Brazil, Byelorussian SSR, Cameroon, Canada, Chile, Denmark, Egypt, European Economic Community, Finland, France, German Democratic Republic, Federal Republic of Germany, Ghana, Greece, Guatemala, Hungary, Iceland, Ireland, Italy, Japan, Jordan, Kenya, Liechtenstein, Luxembourg, Malaysia, Maldives, Malta, Mexico, Netherlands, New Zealand, Nigeria, Norway, Panama, Portugal, Singapore, South Africa, Spain, Sri Lanka, Sweden, Switzerland, Syrian Arab Republic, Thailand, Trinidad and Tobago, Tunisia, Uganda, Ukrainian SSR, Union of Soviet Socialist Republics, United Kingdom, United States of America, Venezuela and Zambia.

10. The following 42 States not party to the Protocol were also represented: Algeria, Angola, Antigua and Barbuda, Argentina, Bangladesh, Barbados, Botswana, Brunei Darussalam, Bulgaria, Burundi, China, Colombia, Congo, Côte d'Ivoire, Czechoslovakia, Dominica, Ecuador, El Salvador, India, Kuwait, Malawi, Morocco, Myanmar, Paraguay, Peru, Philippines, Poland, Qatar, Republic of Korea, Romania, Saudi Arabia, Senegal, Somalia, Sudan, Swaziland, Togo, Turkey, Uruguay, Yemen, Yugoslavia, Zaire and Zimbabwe.

11. Observers from the following United Nations bodies and specialized agencies were also present: United Nations Office of Legal Affairs, United Nations Conference on Environment and Development, United Nations Development Programme (UNDP), International Maritime Organization (IMO), United Nations Industrial Development Organization (UNIDO), World Bank and the World Meteorological Organization (WMO).

12. The following other organizations were represented: AFCAM - Australia, Air Conditioning and Refrigeration Institute, Alliance for Responsible CFC Policy, Ashrae, Australian Conservation Foundation, Brazilian Association of Electrical and Electronic Industries (ABINEE), Chemical Association (Austria), CIFL (United States), Consumers' Association (United Kingdom), Conference of

European Churches, Du Pont International SA, Environment and Energy Study Institute, Environmental Resources Ltd., European Council of Chemical Manufacturers' Federations (CEFIC), European Free Trade Association (EFTA), Exploration and Production Forum, Federation of European Aerosol Associations (FEA), Friends of the Earth International, Greenpeace International, Halogenated Solvents Industry Alliance, ICOLS, Industrial Technology Research Institute (ITRI), Institute for Cultural Affairs, Institute for Studies in Environmental Law (ISEL), International Chamber of Commerce (ICC), International Council of Environmental Law, International Institute for Environment and Development (IIED), International Institute of Refrigeration, Japan Association for Hygiene of Chlorinated Solvents (JAHCS), Japan Electrical Manufacturers Association (JEMA), Japan Flon Gas Association, Motor Vehicle Manufacturers Association (United States) (MVMA), Natural Resources Defense Council, Pharmaceutical Aerosol CFC Coalition, Program for Alternative Fluorocarbon Toxicity Testing (PAFT), Refrigeration Industry Board (RIB), Societte ECIA, SRF Ltd. (formerly Shri Ram Fibres), Stockholm Environment Institute, Ulsan Chemical Co. Ltd., Worldwatch, World Wide Fund for Nature International (WWF) and Ziegler and Associates.

B. Election of officers

13. In accordance with rule 21, paragraph 1, of the rules of procedure, the following officers were elected, by acclamation, at the opening meeting:

President: Rt. Hon. Chris Patten, Secretary of State for the Environment, United Kingdom

Vice-Presidents: Mr. Paulo Tarso Flecha de Lima, Ambassador of Brazil to the United Kingdom

Mr. Philip Woolaston, Minister of Conservation, New Zealand

Prof. Vladimir Zakharov, Deputy Chairman of the USSR State Committee for Hydrometeorology

Rapporteur: Mr. Paul Malukutilla, Minister of Water, Lands and Natural Resources, Zambia

C. Adoption of the agenda

14. The following agenda, as contained in document UNEP/OzL.Pro.2/1/Rev.4, was adopted:

1. Opening of the meeting:

- (a) Opening remarks by the President of the Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer;
- (b) Welcoming remarks by the Secretary-General of the International Maritime Organization;
- (c) Statement by the Prime Minister of the Government of the United Kingdom, the Right Honourable Mrs. Margaret Thatcher;

- (d) Statement by the Executive Director of UNEP.
2. Organizational matters:
 - (a) Election of the President, three Vice-Presidents and the Rapporteur;
 - (b) Adoption of the agenda;
 - (c) Credentials of representatives.
3. Consideration of the reports and notes of the Secretariat:
 - (a) Introduction by the Executive Director;
 - (b) Statement by the Secretary-General of the World Meteorological Organization;
 - (c) Brief presentation of the latest developments in science regarding the ozone layer;
 - (d) Reports and notes on:
 - (i) Implementation of the Protocol:
 - a. Report of the Executive Director;
 - b. Assessment panels and updating assessment reports;
 - c. Workplans pursuant to Article 10;
 - d. Reporting of data and information;
 - (ii) Procedures and institutional mechanisms for non-compliance;
 - (iii) Adjustments and amendments to the Protocol.
4. Other decisions of the Parties.
5. Consideration of the proposed budgets and proposed percentages and amounts of contributions by Parties.
6. Other matters.
7. Adoption of the report.
8. Closure of the meeting.

D. Credentials

15. In accordance with rule 19 of the rules of procedure, the officers of the Meeting examined the credentials of representatives and, having found them to be in good and due form, so reported to the Meeting.

III. SUBSTANTIVE MATTERS

A. Introduction by the Executive Director

16. In his introductory statement, the Executive Director of UNEP, stressing the historic importance of the meeting and the remarkable progress achieved since the entry into force of the Montreal Protocol, said that industrial, scientific and governmental committees had accepted that the initial target of freezing CFC production and halving output would not save the ozone layer. Even if production of all ozone-depleting chemicals was stopped immediately, it would take 80 years to plug the ozone hole over Antarctica. CFCs were also major contributors to the greenhouse effect. The Bureau and the Open-Ended Working Group of the Parties had hammered out the proposed agreement currently before the Parties, an agreement that would pave the way for meaningful action by Governments. In terms of the provisions of a strengthened Protocol, UNEP endorsed the phasing-out by the year 2000, and preferably earlier, of the five CFCs and three halons currently controlled and of all other fully halogenated CFCs; the elimination of the use of carbon tetrachloride and a considerable reduction in the use of methyl chloroform by the same date; and the inclusion of all substitutes on a separate list with a requirement for annual reports on their production and consumption, strict guidelines for their use and a commitment to phase them out within a specified period, together with a clear indication to industry that what was required were substitutes with no ozone-depleting or global-warming potential. The issue of possible new halons should also be addressed.

17. Since the current 60 Parties to the Protocol were responsible for over 90 per cent of the production and consumption of ozone-depleting chemicals, the inclusion of those three elements would provide the basis for a meaningful instrument.

18. The Protocol must also be forward-looking. One hundred States Members of the United Nations had still to become Parties, among them, newly industrializing nations, two of which, in particular, represented over one third of mankind. Such nations required incentives to leap-frog the CFC phase in their industrial development and unless full agreement was reached on such incentives, there could be no meaningful Protocol. He was much encouraged by the fact that Parties were now ready to make provision for those incentives in the form of a financial mechanism and technology transfer. The Open-Ended Working Group had agreed upon target funding and a scheme for contribution to a properly financed multilateral fund designed to meet the incremental costs to developing countries of complying with the current and proposed strengthened provisions of the Protocol. The Meeting also had before it his proposal for technology transfer, which was the outcome of the fullest consultations between Governments and industry.

19. The Parties therefore had before them the essential constituents of what UNEP considered to be a meaningful agreement. Stressing that far more than the ozone layer was at stake, he said that a successful outcome would give a tremendous boost to the forthcoming World Climate Conference and provide an impetus for the conclusion of conventions on such other major issues as climate change and biological diversity before the United Nations Conference on Environment and Development in 1992. It would also show that the nations of the industrialized North were serious about tackling the inequity in the global economy, which was the underlying reason for the destruction of the human environment.

B. Statement by the Secretary-General of the
World Meteorological Organization

20. Professor G.O.P. Obasi, Secretary-General of the World Meteorological Organization (WMO), stated that WMO had oriented its activities in full support of international efforts to protect the atmosphere, in particular the ozone layer, from harmful human interventions. Through its various scientific and technical programmes, WMO provided its member States with authoritative scientific information on the behaviour of the atmosphere, including its climate, while its Global Ozone Observing System, which had been operational since the 1950s, supplied the only data set available for determining ozone trends.

21. The assessment carried out by WMO in 1988 and 1989, in collaboration with the National Aeronautics and Space Administration of the United States and with UNEP, had confirmed the spectacular ozone losses over Antarctica during the austral spring were due to CFCs trapped in the winter circumpolar vortex. Such reductions would occur for many decades, even after a complete phase-out of the provision and use of CFCs. The assessment also unequivocally established that there had been measurable decline in total column ozone over the northern and southern hemisphere mid-latitudes during the previous two decades. WMO data from stations in central Europe and Canada also revealed a very pronounced decline of nearly 0.5 per cent a year, while recent analysis of satellite measurements over the previous 11 years indicated a two to three per cent decline in the equatorial belt. His organization therefore strongly endorsed proposals for a rapid phase-out.

22. The monitoring of concentrations of ozone and ozone-depleting gases should be improved in order to evaluate the situation with greater precision. With that in mind, the WMO Executive Council decided in 1989 to establish a special fund for climate and atmospheric environment studies, for a total of \$US 22 million, \$US 7-8 million of which would be used to improve ozone monitoring capabilities, including assistance to developing countries in improving their networks. He appealed to participants to facilitate contributions by their Governments to the fund and observed, in that connection, that additional resources for WMO to carry out the tasks assigned to it under the Vienna Convention were slow in arriving.

C. General debate

23. General statements were then made by representatives of 50 States, including 11 non-Parties, 1 regional economic integration organization and 4 non-governmental organizations. Discussion focused on the proposed amendments and adjustments to the Protocol, and the proposals for a financial mechanism and the transfer of technology.

24. Many representatives from the developed countries were in favour of the proposed amendments and adjustments and wished to bring forward the date for the phasing out of CFCs to 1997, to achieve a reduction of 85 per cent in carbon tetrachloride by 1995 and reductions in methyl chloroform by the year 2000. Further limitations on halons were suggested. Many representatives of developed countries also reported that their national programmes were well ahead of the Protocol's scheduled dates and were more comprehensive with

regard to controlled substances. A number of those delegations reported understanding and co-operation from national industries; some reported success by using a mixture of incentives and taxation measures, while others observed that setting deadlines, for example for the temporary use and eventual phase-out of HCFCs, encouraged industry to seek replacement substances with no ozone-depleting potential.

25. Several representatives of developing countries pointed out defects in the current operation of the Montreal Protocol. One such representative stated that potential investors had to be turned away because of the CFC quota imposed on national industries, and that developing countries were being asked to reduce production and consumption to a level 70 per cent below that of developed countries. Another such representative said that the conditions attached to strengthening the Protocol must be consistent with third world development.

26. On the general issue of the financial mechanism and technology transfer, several representatives of developing countries, some citing their country's debt problems, stated that their countries would need more co-operation, both financial and technological, with the developed countries, if they were to meet the deadlines laid down in the Protocol; one such representative said that the present offers of co-operation were inadequate. Other representatives pointed out that the disastrous environmental pollution in their countries would make compliance very difficult, although they were anxious to respect their obligations.

27. In respect of the financial mechanism, there was general agreement on the need for good faith between countries and equitable sharing. A number of representatives of developed countries referred to their country's responsibilities on the "polluter pays" principle. Some stated that their country's contribution to the Multilateral Fund would not in any way affect their other development assistance programmes. With regard to fixing contributions to the Multilateral Fund, a number of delegations proposed the use of the United Nations scale of assessments while others proposed a scale based on 1986 consumption of controlled substances. On the matter of "equitable sharing", several representatives mentioned the need for financing without conditionality while one suggested that guidelines were required in order to ensure that country studies, which were used for assessing incremental financing and for identifying the needs of developing countries, were made on a comparable basis, with the assistance of consultants.

28. The question of the appropriate administration for the financial mechanism was mentioned. An intergovernmental organization and a number of representatives of developing countries said that they would prefer it to be under the direct authority of the Parties through an executive committee. One representative urged that the executive committee be established forthwith, and another offered to host its first meeting, defraying the administrative cost of organizing the meeting and costs associated with developing country participation. Several delegations expressed interest in serving on the executive committee. The representative of a major potential contributor said that his country agreed to the programme of technical financial co-operation

provided that it did not create a new bureaucracy, that it used UNEP to manage the clearing-house functions, the World Bank to finance the needed investments, and UNDP to assist in feasibility and pre-investment studies. He added that the programme should not be viewed as a precedent for other issues or negotiations, where conditions might well be different. Another delegation envisaged the role of the World Bank as being that of a consultant.

29. A number of representatives referred to the conditions for transfer of technology. Several delegations referred to the need for fairly priced substitutes and technology. Real co-operation with and understanding by industry was indispensable, because protection of the environment should not be turned into an opportunity for a few enterprises to make exorbitant profits. Another representative mentioned the importance of co-operation from multinationals. A representative of a developing country expressed concern that, while developed countries designed national laws to prevent the transfer of ozone-destructive technology, they professed themselves unable to guarantee the transfer of ozone-friendly technologies. Another representative urged that technological information be shared, and one developing country delegation considered that the transfer of technology should be free of charge. The representatives of two developing countries that are major food producers pointed out the importance of refrigeration to their economies.

30. While it was generally agreed that recent scientific data left no doubt that the ozone layer was in peril over both Antarctica and the Arctic, a number of delegations called attention to the need for greater scientific knowledge about the situation and some mentioned in that connection that their respective countries were launching meteorological satellites to monitor the ozone layer.

31. Several delegations mentioned the special concern of their respective countries in view of their geographical location in either the high southern or high northern latitudes. Some observed that new types of threat to the ozone layer were emerging with the development of high-altitude supersonic aircraft and the increased number of heavy rockets and space shuttles.

32. Many delegations urged that all countries should be encouraged to become Parties to the Protocol. One delegation proposed that special assistance should be extended to non-Party developing countries. The representatives of one non-Party pointed out that the financial mechanism to be established would be a temporary arrangement to cover the period 1991-1993 and that final agreement on the article relating to the transfer of technology was not assured; however, the country concerned would seriously consider acceding to the Protocol. The representative of another developing country not Party to the Protocol pointed out that his country fell awkwardly between the provisions of Article 2 and Article 5 of the Protocol, because of its level of per capita consumption of the controlled substances. He urged that an attempt should be made to accommodate such countries in the Protocol as soon as possible.

33. Many delegations expressed the hope that a successful outcome to the current negotiations on the Protocol would pave the way for further concerted measures to protect the environment, particularly in respect of climate change and global warming. Reference was made to the desirability of presenting to the 1992 Conference on Environment and Development a draft convention on climate.

34. One observer group stated that the crucial issue which participants needed to resolve was the amount of production of CFCs to be allowed up to the date when phase-out was completed. The proposals of the Executive Director of UNEP led to a global estimate of 5.5 million tonnes. The European Community's proposals implied about 2 million tonnes. That was a wide divergence. Bearing in mind the more alarming picture painted by recent findings, the observer group urged delegates to incline towards a low rather than a high production tonnage. With regard to methyl chloroform, it stated that it would be feasible to require production to be terminated by 1992.

35. Another observer group expressed concern about the direction being taken by the meeting. It seemed that delegations would be satisfied if they reached agreement on measures which would allow pollution levels to climb by 50 per cent by the time CFC phase-out was completed. Nobody could claim that that would be a safe outcome for future generations nor that the decision had been reached in ignorance of the risks. If some countries could phase out CFCs rather quickly, why should not other advanced industrialized countries be able to do the same? On the financial issues involved, it had no doubt that if the wealthier countries were sincerely concerned about halting the depletion of the ozone layer, they could raise much larger sums than had been mentioned, for application in developing countries as well as in their own.

36. A third observer group expressed dissatisfaction with the amount of progress made. The Vienna Convention signalled agreement to save the ozone layer and endorsed the precautionary principle. Subsequent events showed reaction rather than action as the ruling principle. It estimated that the proposed amendments to the Protocol could lead to the production of about 17 million tonnes of CFCs before phase-out was complete. Phase-out of HCFCs could feasibly be set for an earlier date. As proposals stood, it was doubtful whether the new international fund would be financially adequate; moreover, the obligations to provide technology assistance to developing countries should be made clearer and more explicit.

37. A delegate from the Australian youth delegation said that words uttered in the name of Governments were not always matched by deeds. She appealed to participants to make decisions which would reflect inter-generational equity. Young people realized that their fate was tied to what happened to the words appearing in square brackets in texts under negotiation, and they were apprehensive of the outcome.

D. Action by the Meeting

38. Under agenda items 3, 4 and 5, the Meeting had before it the reports of the Secretariat on the status of implementation of the Protocol (UNEP/Pro.OzL.Pro.2/2 and Corr.1, Add.1 and Add.3), on data submitted to the Secretariat on production, imports and exports of controlled substances (UNEP/OzL.Pro.2/2/Add.4/Rev.1) and on financial implications and arrangements, including the adoption of a revised budget (UNEP/OzL.Pro.2/2/Add.5 and Corr.1 and 2). It also had before it a draft non-compliance procedure (UNEP/OzL.Pro.2/L.1) recommended by the Ad Hoc Working Group of Legal Experts on Non-Compliance in accordance with decision 8 (a) of the First Meeting of the Parties and draft texts submitted for its consideration by the Open-Ended Working Group of the Parties, including a draft resolution (UNEP/OzL.Pro.2/L.2), draft adjustments to the Protocol (UNEP/OzL.Pro.2/L.3), a draft Amendment to the Protocol (UNEP/OzL.Pro.2/L.4/Rev.1), draft decisions (UNEP/OzL.Pro.2/L.5/Rev.1) and appendices to draft decision II/8 (UNEP/OzL.Pro.2/L.6).

39. After extensive deliberations, the Meeting agreed on amended versions of the draft adjustments to the Protocol, the draft Amendment to the Protocol, the draft decisions and the appendices to draft decisions II/8 that had been submitted to it by the Open-Ended Working Group. These amended texts, contained, respectively, in documents UNEP/OzL.Pro.2/L.3/Rev.1, UNEP/OzL.Pro.2/L.4/Rev.2, UNEP/OzL.Pro.2/L.5/Rev.2 and L.9/Rev.1, L.11 and L.14, and UNEP/OzL.Pro.2/L.6/Rev.1, together with the draft procedure on non-compliance (UNEP/OzL.Pro.2/L.1), were adopted by the Meeting at its final session, on 29 June 1990, by consensus and, except as noted in paragraphs 41-43 below, without comment or further amendment, as reflected in the following section.

IV. DECISIONS

40. The Second Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer decided:

Decision II/1. Adjustments and reductions

- To adopt in accordance with the procedure laid down in paragraphs 4 and 9 of Article 2 of the Montreal Protocol the adjustments and reductions of production and consumption of the controlled substances listed in Annex A to the Protocol, as set out in Annex I to the report on the work of the Second Meeting of the Parties;

Decision II/2. Amendment of the Protocol

- To adopt in accordance with the procedure laid down in paragraph 4 of Article 9 of the Vienna Convention for the Protection of the Ozone Layer, the Amendment to the Montreal Protocol as set out in Annex II to the report on the work of the Second Meeting of the Parties;

Decision II/3. Halons

- To establish an ad hoc working group of experts to investigate, and make recommendations to the Fourth Meeting of the Parties in 1992 on, the availability of substitutes for halons, the need to define essential uses of halons, methods of implementation and, if there is such a need, the identification of such uses;

Decision II/4. Isomers

- To clarify the definition of "controlled substance" in paragraph 4 of Article 1 of the Protocol so that it is understood to include the isomers of such substances except as specified in the relevant Annex;

Decision II/5. Non-compliance

- To adopt, on an interim basis, the procedures and institutional mechanisms for determining non-compliance with the provisions of the Protocol and for treatment of Parties found to be in non-compliance, as set out in Annex III to the report on the work of the Second Meeting of the Parties;
- To extend the mandate of the open-ended Ad Hoc Working Group of Legal Experts to elaborate further procedures on non-compliance and terms of reference for the Implementation Committee and to present the results for review by the preparatory meeting to the Fourth Meeting of the Parties with a view to their consideration at the Fourth Meeting;

Decision II/6. Article 19 (Withdrawal)

- To agree that the phrase "at any time after four years of assuming the obligations" in Article 19 should be understood to mean at any time after four years after a Party's obligation to comply became operative;

Decision II/7. Montreal Protocol Handbook

- To invite the Executive Director to prepare as soon as possible a Montreal Protocol Handbook setting out the Protocol as adjusted, the Protocol as adjusted and amended and the decisions of the Parties that relate to its interpretation and other material relevant to its operation, and to update the Handbook, as necessary, after each meeting of the Parties;

Decision II/8 Financial Mechanism

- To establish for the three-year period from 1 January 1991 to 31 December 1993 or until such time as the Financial Mechanism is established, an Interim Financial Mechanism according to the following:
 1. The Interim Financial Mechanism is established for the purposes of providing financial and technical co-operation, including the transfer of technologies, to Parties operating under paragraph 1 of Article 5 of the Montreal Protocol to enable their compliance with the control measures set out in Articles 2A to 2E of the Protocol. The Mechanism, contributions to which shall be additional to other financial transfers to Parties operating under that paragraph, shall meet all agreed incremental costs of such Parties, in order to enable their compliance with the control measures of the Protocol. An indicative list of the categories of incremental costs is attached as Appendix I to this decision.*
 2. The Mechanism established under paragraph 1 shall include a Multilateral Fund. It may also include other means of multilateral, regional and bilateral co-operation.
 3. The Multilateral Fund shall:
 - (a) Meet, on a grant or concessional basis as appropriate, and according to criteria to be decided upon by the Parties, the agreed incremental costs;
 - (b) Finance clearing-house functions to:
 - (i) Assist Parties operating under paragraph 1 of Article 5, through country-specific studies and other technical co-operation, to identify their needs for co-operation;

* The appendices to this decision are contained in annex IV of the present report.

- (ii) Facilitate technical co-operation to meet these identified needs;
 - (iii) Distribute, as provided for in Article 9 of the Protocol, information and relevant materials, and hold workshops, training sessions and other related activities for the benefit of Parties that are developing countries; and
 - (iv) Facilitate and monitor other multilateral, regional and bilateral co-operation available to Parties that are developing countries; and
- (c) Finance the secretarial services of the Multilateral Fund and related support costs.

4. The Multilateral Fund shall operate under the authority of the Parties who shall decide on its overall policies.

5. The President of the Second Meeting of the Parties shall ensure that the Executive Committee establishes, with effect from 1 January 1991, an "Interim Multilateral Fund for the Implementation of the Montreal Protocol" and draws up the financial regulations and rules of the Fund.

6. The Parties hereby establish an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources for the purpose of achieving the objectives of the Multilateral Fund. It is established for a three-year period. Before the end of that three-year period, the terms of reference of the Executive Committee shall be reviewed by the meeting of the Parties. The Executive Committee shall discharge its tasks and responsibilities specified in its terms of reference as agreed by the Parties, with the co-operation and assistance of the International Bank for Reconstruction and Development (World Bank), the United Nations Environment Programme, the United Nations Development Programme, or other appropriate agencies depending on their respective areas of expertise. The members of the Executive Committee, which shall be selected on the basis of a balanced representation of the Parties operating under paragraph 1 of Article 5 and of the Parties not so operating shall be endorsed by the Parties. The terms of reference of the Executive Committee are attached as Appendix II to this decision.*

7. The Multilateral Fund shall be financed by contributions from Parties not operating under paragraph 1 of Article 5 in convertible currency or, in certain circumstances, in kind and/or in national currency, on the basis of the United Nations scale of assessments as set out in Appendix III to this decision.* Contributions by other Parties shall be encouraged. Bilateral and, in particular cases

* The appendices to this decision are contained in annex IV of the present report.

agreed by a decision of the Parties, regional co-operation may, up to twenty per cent and consistent with any criteria specified by decision of the Parties, be considered as a contribution to the Multilateral Fund, provided that such co-operation as a minimum:

- (a) Strictly relates to compliance with the provisions of the Protocol;
- (b) Provides additional resources; and
- (c) Meets agreed incremental costs.

The terms of reference of the Multilateral Fund are attached as Appendix IV to the present decision.*

8. The Parties shall decide upon the programme budget of the Multilateral Fund for each fiscal period and upon the percentage of contributions of the individual Parties thereto.

9. Resources under the Multilateral Fund shall be disbursed with the concurrence of the beneficiary Party.

10. Decisions by the Parties under this decision shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be adopted by a two-thirds majority vote of the Parties present and voting, representing at least a majority of the Parties operating under paragraph 1 of Article 5 present and voting and at least a majority of the Parties not so operating present and voting.

11. The Financial Mechanism set out in this decision is without prejudice to any future arrangements that may be developed with respect to other environmental issues.

12. References to dollars (\$) in the appendices to this decision are to United States dollars.

Decision II/8 A. Budget for the Fund Secretariat

- To adopt the provisional budget for the Fund Secretariat as attached in Annex V of the report on the work of the Second Meeting of the Parties and to request the Executive Committee of the Parties to present to the Third Meeting of the Parties a revised version of the budget in the light of the experience gained during its implementation;

* The appendices to this decision are contained in annex IV of the present report.

Decision II/8 B. Acceptance of offer of Canada

- To accept the offer of Canada:
 - (a) To host the Executive Committee meetings as necessary during the interim period;
 - (b) To support participation of developing countries in those meetings; and
 - (c) To assume the administrative costs of those initiatives.

Decision II/9. Data reporting

- To establish an ad hoc group of experts to consider the reasons leading to the difficulties faced by some countries in reporting data as required by Article 7 of the Protocol and to recommend possible solutions to the Parties concerned and to report on its progress to the Third Meeting of the Parties; and
- To confirm that any data on consumption of the controlled substances that are submitted to the Secretariat as required by Article 7 of the Protocol are not to be confidential;

Decision II/10. Data of developing countries

- To ask the Secretariat to determine from the data available to it the exact quantities of the controlled substances required by developing countries operating under paragraph 1 of Article 5 and the possible sources of supply to assist developed countries to authorize their companies to produce the additional amounts needed within the percentages authorized by Article 2 and Articles 2A to 2E of the Protocol;
- To request the Secretariat to publish in its annual report on data an updated list of developing countries which, on the basis of complete data submissions, are considered to be operating under paragraph 1 of Article 5. The Secretariat shall also publish a list of developing countries that, having submitted incomplete or estimated data, appear to qualify as Parties operating under paragraph 1 of Article 5. In accordance with the provisions of Article 5 of the Protocol, no Party will be eligible for paragraph 1 of Article 5 treatment until it submits complete data to the Secretariat establishing that its annual calculated per capita level of consumption is below 0.3 kg;

Decision II/11. Destruction technologies

- To establish an ad hoc technical advisory committee on destruction technologies and to appoint its Chairman, who shall appoint in consultation with the Secretariat up to nine other members on the basis of nomination by Parties. The members shall be experts on destruction technologies and selected with due reference to equitable geographical distribution;

- The committee shall analyse destruction technologies and assess their efficiency and environmental acceptability and develop approval criteria and measurements. The committee shall report regularly to meetings of the Parties;

Decision II/12. Customs Co-operation Council

- To agree with the recommendations adopted by the Customs Co-operation Council that all member administrations take actions to reflect the adopted subheadings in their national statistical nomenclatures as soon as possible, and to ask the Secretariat to inform the Council that the Parties, having determined that additional subheadings for individual chemicals controlled by the Montreal Protocol would be useful in their efforts to protect the ozone layer, request the assistance of the Council in this regard;

Decision II/13. Assessment panels

- To request the Technology Review Panel to assess, in accordance with Article 6, the earliest technically feasible dates and the costs for reductions and total phase-out of 1,1,1-trichloroethane (methyl chloroform) and to report its findings in time for consideration by the preparatory meeting to the Fourth Meeting of the Parties with a view to their consideration at that Fourth Meeting;
- To request the Secretariat to convene members of each of the four assessment panels established by the First Meeting of the Parties to review new information and to consider its inclusion in supplementary reports in time for consideration by the Fourth Meeting of the Parties, subject to a review of their mandate in the context of Article 2, paragraph 9, at the Third Meeting of the Parties;
- To request the Technology Review Panel to include in its work:
 - (a) An evaluation of the need for transitional substances in specific applications;
 - (b) An analysis of the quantity of controlled substances required by Parties operating under paragraph 1 of Article 5 for their basic domestic needs, both at present and in the future, and the likely availability of such supplies; and
 - (c) A comparison of the toxicity, flammability, energy efficiency implications and other environmental and safety considerations of chemical substitutes, along with an analysis of the likely availability of substitutes for medical uses;
- To request the Scientific Assessment Panel to include in its work:
 - (a) An evaluation of the ozone-depletion potential, other possible ozone layer impacts, and global warming potential of chemical substitutes (e.g. HCFCs and HFCs) for controlled substances;
 - (b) An evaluation of the likely ozone-depletion potential of "other halons" that might be produced in significant quantities; and

(c) An analysis of the anticipated impact on the ozone layer of the revised control measures reflecting the changes adopted at the Second Meeting of the Parties taking into account the current level of global participation in the Protocol;

- To instruct the Scientific Assessment Panel to prepare estimated data on the impacts on the ozone layer of engine emissions from high-altitude aircraft, heavy rockets and space shuttles;
- To undertake efforts to encourage broad participation in all assessment panels by experts from developing countries;

Decision II/14. Workplans required by Articles 9
and 10 of the Protocol

- To request the Executive Committee under the Financial Mechanism and the Secretariat to take into account in their work the recommendations on workplans required by Article 9 and Article 10 of the Protocol, as adopted by the third session of the first meeting of the Open-Ended Working Group of the Parties to the Protocol;

Decision II/15. Extension of the mandate of the Open-Ended
Working Group of the Parties

- To continue the work of the Open-Ended Working Group of the Parties and to extend its mandate to consider, if necessary and in particular, the following topics:

(a) Further elaboration of any remaining details of the various components of the Financial Mechanism;

(b) Identification of the most appropriate modalities for the transfer of technologies designed for the protection of the ozone layer;

(c) Co-operation with Parties that are developing countries for the implementation of the Protocol; and

(d) Problems arising under the trade provisions of the Protocol, in respect of both trade between Parties and trade with non-Parties including issues related to free-trade zones;

and to make recommendations to the Third Meeting of the Parties;

Decision II/16. Amendment of the Vienna Convention

- To recommend that the Parties to the Vienna Convention for the Protection of the Ozone Layer review, at the earliest opportunity, Article 9 of the Convention with a view to expediting the amendment procedure for protocols;

Decision II/17. Budget

- To adopt the system of rolling biennial budgets, and to approve a total revised budget of \$3,400,000 for 1990, a total revised budget for 1991 of \$2,423,000 and a total budget for 1992 of \$2,225,000. The details of the approved budgets are presented in Annex VI to the report on the work of the Second Meeting of the Parties;

Decision II/18. Meetings of the Open-Ended Working Group

- To authorize the Secretariat to convene, if necessary, up to six meetings of the Open-Ended Working Group of the Parties prior to the Third Meeting of the Parties and to invite non-Parties to participate in the deliberations of these meetings;

Decision II/19. Rules of procedure for meetings of the Parties

- To amend paragraph 1 of rule 21 of the rules of procedure, adopted at the First Meeting of the Parties, to include the following additional sentences:

"In electing its officers, the Meeting of the Parties shall have due regard to the principle of equitable geographical representation. The offices of President and Rapporteur of the Meeting of the Parties shall normally be subject to rotation among the five groups of States referred to in section I, paragraph 1, of General Assembly resolution 2997 (XXVII) of 15 December 1972, by which the United Nations Environment Programme was established.";

Decision II/20. Third Meeting of the Parties

- To convene the Third Meeting of the Parties from 19 to 21 June 1991 in conjunction with and at the same venue as the second meeting of the Conference of the Parties to the Vienna Convention.

Comments made at the time of adoption of the decisions

Decision II/2

41. Following the adoption of decision II/2, the representative of India said that the original text of the Protocol had contained provisions which discriminated against developing countries: the amended text met many of their concerns. She would therefore recommend it to the Government of India for signature.

42. The representative of China said that useful progress had been made. He would recommend to the Chinese Government that it should ratify the amended text.

Decision II/8

43. In introducing draft decision II/8, the President drew attention to an earlier statement by the delegation of Ireland, speaking as the President of the Council of Ministers of the Environment of the European Communities, in which it had stated that the European Economic Community, which was a Party to the Montreal Protocol, would not be able to contribute to the Multilateral Fund and that the contributions of all other paying Parties would have to rise by a small percentage in consequence. With that proviso, draft decision II/8 and the scale of contributions as it appears in appendix III to that decision were adopted.

V. CONSTITUTION OF THE COMMITTEES ESTABLISHED BY THE DECISIONS OF THE SECOND MEETING OF THE PARTIES

A. Executive Committee established by decision II/8

44. Pursuant to paragraphs 2 and 3 of the terms of reference of the Executive Committee laid down in appendix II of decision II/8 (annex IV to the present report), the Meeting endorsed the selection by the groups concerned of following States to serve on the first Executive Committee:

(a) Parties not operating under paragraph 1 of Article 5 of the Protocol: Canada, Federal Republic of Germany, Finland, Japan, Netherlands, United States of America and Union of Soviet Socialist Republics;

(b) Parties operating under paragraph 1 of Article 5 of the Protocol: Brazil, Egypt, Ghana, Jordan, Malaysia, Mexico and Venezuela.

The Meeting further endorsed the selection of Finland to act as Chairman and of Mexico to act as Vice-Chairman for the first year of the Executive Committee.

45. The President pointed out that the selection of nominees had been endorsed on the understanding that, within the three-year mandate of the Executive Committee, members representing either one or the other of the two groups referred to in paragraph 2 of the terms of reference of the Committee could be changed in accordance with the wishes of the group concerned.

46. The representative of Trinidad and Tobago said that small islands and low-lying countries were particularly threatened by changes in the environment. He hoped that in future their interests could be explicitly represented in decision-making bodies.

B. Implementation Committee established by decision II/5

47. Pursuant to paragraph 3 of the non-compliance procedure adopted by its decision II/5, the meeting elected the following Parties to serve on the Implementation Committee established under the non-compliance procedure: Japan, Norway, Trinidad and Tobago, Hungary and Uganda, with the understanding arrived at during the informal consultations that the two last mentioned States were elected for a one-year term.

C. Ad Hoc Technical Advisory Committee on Destruction Technologies

48. Pursuant to the first paragraph of decision II/11, the Meeting appointed Canada as Chairman of the Ad Hoc Technical Advisory Committee on Destruction Technologies.

VI. DECLARATIONS AND RESOLUTIONS

A. Declarations

49. The representative of New Zealand drew attention to the following declaration by Australia, Austria, Belgium, Canada, Denmark, Finland, Federal Republic of Germany, Liechtenstein, Netherlands, New Zealand, Norway, Sweden and Switzerland:

"THE HEADS OF DELEGATIONS OF THE ABOVE GOVERNMENTS REPRESENTED AT THE SECOND MEETING OF THE PARTIES TO THE MONTREAL PROTOCOL,

"CONCERNED of the recent scientific findings on severe depletion of ozone layer of both Southern and Northern Hemispheres,

"MINDFUL that all CFCs are also powerful greenhouse gases leading to global warming,

"CONVINCED of the availability of more environmentally suitable alternative substances or technologies, and

"CONVINCED of the need to further tighten control measures of CFCs beyond the Protocol adjustments agreed by the Parties to the Montreal Protocol,

"DECLARE

"Their firm determination to take all appropriate measures to phase-out the production and consumption of all fully halogenated chlorofluorocarbons controlled by the Montreal Protocol, as adjusted and amended, as soon as possible but not later than 1997."

50. The representative of the Commission of the European Communities said that the Commission wished to associate itself with the above declaration. It had reluctantly accepted a programme of reductions for CFCs which did not give the degree of protection for the ozone layer that the Community considered necessary. The latest scientific evidence in ozone depletion over high northern and southern latitudes, as well as the increasing preoccupation with the green-house properties of CFCs, required that the Parties reconsidered its decision; that review should take place within the context of the review foreseen for 1992 with a view to the complete elimination of CFCs at the earliest possible date.

B. Resolution by the Governments and the European Communities
represented at the Second Meeting of the Parties

51. The Governments and the European Communities represented at the Meeting adopted an amended version (UNEP/OzL.Pro.2/L.2/Rev.1) of the draft resolution submitted for the consideration of the Meeting by the Open-Ended Working Group. The text of the resolution as adopted appears in annex VII to the present report.

VII. OTHER MATTERS

52. There were no other matters.

VIII. ADOPTION OF THE REPORT

53. The Meeting adopted the present report, on the basis of the draft report contained in document UNEP/OzL.Pro.2/L.7, at its closing session, on 29 June 1990.

IX. CLOSURE OF THE MEETING

54. After the customary exchange of courtesies, the President declared the meeting closed at 9.30 p.m. on Friday, 29 June 1990.

Annex I

ADJUSTMENTS TO THE MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

The Second Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer decides, on the basis of assessments made pursuant to Article 6 of the Protocol, to adopt adjustments and reductions of production and consumption of the controlled substances in Annex A to the Protocol, as follows, with the understanding that:

- (a) References in Article 2 to "this Article" and throughout the Protocol to "Article 2" shall be interpreted as references to Articles 2, 2A and 2B;
- (b) References throughout the Protocol to "paragraphs 1 to 4 of Article 2" shall be interpreted as references to Articles 2A and 2B; and
- (c) The reference in paragraph 5 of Article 2 to "paragraphs 1, 3 and 4" shall be interpreted as a reference to Article 2A.

A. Article 2A: CFCs

Paragraph 1 of Article 2 of the Protocol shall become paragraph 1 of Article 2A, which shall be entitled "Article 2A: CFCs". Paragraphs 3 and 4 of Article 2 shall be replaced by the following paragraphs, which shall be numbered paragraphs 2 to 6 of Article 2A:

2. Each Party shall ensure that for the period from 1 July 1991 to 31 December 1992 its calculated levels of consumption and production of the controlled substances in Group I of Annex A do not exceed 150 per cent of its calculated levels of production and consumption of those substances in 1986; with effect from 1 January 1993, the twelve-month control period for these controlled substances shall run from 1 January to 31 December each year.
3. Each Party shall ensure that for the twelve-month period commencing on 1 January 1995, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex A does not exceed, annually, fifty per cent of its calculated level of consumption in 1986. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, fifty per cent of its calculated level of production in 1986. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1986.

4. Each Party shall ensure that for the twelve-month period commencing on 1 January 1997, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex A does not exceed, annually, fifteen per cent of its calculated level of consumption in 1986. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, fifteen per cent of its calculated level of production in 1986. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1986.

5. Each Party shall ensure that for the twelve-month period commencing on 1 January 2000, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex A does not exceed zero. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed zero. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to fifteen per cent of its calculated level of production in 1986.

6. In 1992, the Parties will review the situation with the objective of accelerating the reduction schedule.

B. Article 2B: Halons

Paragraph 2 of Article 2 of the Protocol shall be replaced by the following paragraphs, which shall be numbered paragraphs 1 to 4 of Article 2B:

Article 2B: Halons

1. Each Party shall ensure that for the twelve-month period commencing on 1 January 1992, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group II of Annex A does not exceed, annually, its calculated level of consumption in 1986. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, its calculated level of production in 1986. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1986.

2. Each Party shall ensure that for the twelve-month period commencing on 1 January 1995, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group II of Annex A does not exceed, annually, fifty per cent of its calculated level of consumption in 1986. Each Party

producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, fifty per cent of its calculated level of production in 1986. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1986. This paragraph will apply save to the extent that the Parties decide to permit the level of production or consumption that is necessary to satisfy essential uses for which no adequate alternatives are available.

3. Each Party shall ensure that for the twelve-month period commencing on 1 January 2000, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group II of Annex A does not exceed zero. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed zero. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to fifteen per cent of its calculated level of production in 1986. This paragraph will apply save to the extent that the Parties decide to permit the level of production or consumption that is necessary to satisfy essential uses for which no adequate alternatives are available.

4. By 1 January 1993, the Parties shall adopt a decision identifying essential uses, if any, for the purposes of paragraphs 2 and 3 of this Article. Such decision shall be reviewed by the Parties at their subsequent meetings.

Annex II

AMENDMENT TO THE MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

ARTICLE 1: AMENDMENT

A. Preambular paragraphs

1. The 6th preambular paragraph of the Protocol shall be replaced by the following:

Determined to protect the ozone layer by taking precautionary measures to control equitably total global emissions of substances that deplete it, with the ultimate objective of their elimination on the basis of developments in scientific knowledge, taking into account technical and economic considerations and bearing in mind the developmental needs of developing countries,

2. The 7th preambular paragraph of the Protocol shall be replaced by the following:

Acknowledging that special provision is required to meet the needs of developing countries, including the provision of additional financial resources and access to relevant technologies, bearing in mind that the magnitude of funds necessary is predictable, and the funds can be expected to make a substantial difference in the world's ability to address the scientifically established problem of ozone depletion and its harmful effects,

3. The 9th preambular paragraph of the Protocol shall be replaced by the following:

Considering the importance of promoting international co-operation in the research, development and transfer of alternative technologies relating to the control and reduction of emissions of substances that deplete the ozone layer, bearing in mind in particular the needs of developing countries,

B. Article 1: Definitions

1. Paragraph 4 of Article 1 of the Protocol shall be replaced by the following paragraph:

4. "Controlled substance" means a substance in Annex A or in Annex B to this Protocol, whether existing alone or in a mixture. It includes the isomers of any such substance, except as specified in the relevant Annex, but excludes any controlled substance or mixture which is in a manufactured product other than a container used for the transportation or storage of that substance.

2. Paragraph 5 of Article 1 of the Protocol shall be replaced by the following paragraph:

5. "Production" means the amount of controlled substances produced, minus the amount destroyed by technologies to be approved by the Parties and minus the amount entirely used as feedstock in the manufacture of other chemicals. The amount recycled and reused is not to be considered as "production".

3. The following paragraph shall be added to Article 1 of the Protocol:

9. "Transitional substance" means a substance in Annex C to this Protocol, whether existing alone or in a mixture. It includes the isomers of any such substance, except as may be specified in Annex C, but excludes any transitional substance or mixture which is in a manufactured product other than a container used for the transportation or storage of that substance.

C. Article 2, paragraph 5

Paragraph 5 of Article 2 of the Protocol shall be replaced by the following paragraph:

5. Any Party may, for any one or more control periods, transfer to another Party any portion of its calculated level of production set out in Articles 2A to 2E, provided that the total combined calculated levels of production of the Parties concerned for any group of controlled substances do not exceed the production limits set out in those Articles for that group. Such transfer of production shall be notified to the Secretariat by each of the Parties concerned, stating the terms of such transfer and the period for which it is to apply.

D. Article 2, paragraph 6

The following words shall be inserted in paragraph 6 of Article 2 before the words "controlled substances" the first time they occur:

Annex A or Annex B

E. Article 2, paragraph 8 (a)

The following words shall be added after the words "this Article" wherever they appear in paragraph 8 (a) of Article 2 of the Protocol:

and Articles 2A to 2E

F. Article 2, paragraph 9 (a) (i)

The following words shall be added after "Annex A" in paragraph 9 (a) (i) of Article 2 of the Protocol:

and/or Annex B

G. Article 2, paragraph 9 (a) (ii)

The following words shall be deleted from paragraph 9 (a) (ii) of Article 2 of the Protocol:

from 1986 levels

H. Article 2, paragraph 9 (c)

The following words shall be deleted from paragraph 9 (c) of Article 2 of the Protocol:

representing at least fifty per cent of the total consumption of the controlled substances of the Parties

and replaced by:

representing a majority of the Parties operating under paragraph 1 of Article 5 present and voting and a majority of the Parties not so operating present and voting

I. Article 2, paragraph 10 (b)

Paragraph 10 (b) of Article 2 of the Protocol shall be deleted, and paragraph 10 (a) of Article 2 shall become paragraph 10.

J. Article 2, paragraph 11

The following words shall be added after the words "this Article" wherever they occur in paragraph 11 of Article 2 of the Protocol:

and Articles 2A to 2E

K. Article 2C: Other fully halogenated CFCs

The following paragraphs shall be added to the Protocol as Article 2C:

Article 2C: Other fully halogenated CFCs

1. Each Party shall ensure that for the twelve-month period commencing on 1 January 1993, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex B does not exceed, annually, eighty per cent of its calculated level of consumption in 1989. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, eighty per cent of its calculated level of production in 1989. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.

2. Each Party shall ensure that for the twelve-month period commencing on 1 January 1997, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex B does not exceed, annually, fifteen per cent of its calculated level of consumption in 1989. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed, annually, fifteen per cent of its calculated level of production in 1989. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.

3. Each Party shall ensure that for the twelve-month period commencing on 1 January 2000, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substances in Group I of Annex B does not exceed zero. Each Party producing one or more of these substances shall, for the same periods, ensure that its calculated level of production of the substances does not exceed zero. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to fifteen per cent of its calculated level of production in 1989.

L. Article 2D: Carbon tetrachloride

The following paragraphs shall be added to the Protocol as Article 2D:

Article 2D: Carbon tetrachloride

1. Each Party shall ensure that for the twelve-month period commencing on 1 January 1995, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group II of Annex B does not exceed, annually, fifteen per cent of its calculated level of consumption in 1989. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed, annually, fifteen per cent of its calculated level of production in 1989. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.

2. Each Party shall ensure that for the twelve-month period commencing on 1 January 2000, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group II of Annex B does not exceed zero. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed zero. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to fifteen per cent of its calculated level of production in 1989.

M. Article 2E: 1,1,1-trichloroethane (methyl chloroform)

The following paragraphs shall be added to the Protocol as Article 2E:

Article 2E: 1,1,1-trichloroethane (methyl chloroform)

1. Each Party shall ensure that for the twelve-month period commencing on 1 January 1993, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group III of Annex B does not exceed, annually, its calculated level of consumption in 1989. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed, annually, its calculated level of production in 1989. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.
2. Each Party shall ensure that for the twelve-month period commencing on 1 January 1995, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group III of Annex B does not exceed, annually, seventy per cent of its calculated level of consumption in 1989. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed, annually, seventy per cent of its calculated level of consumption in 1989. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.
3. Each Party shall ensure that for the twelve-month period commencing on 1 January 2000, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group III of Annex B does not exceed, annually, thirty per cent of its calculated level of consumption in 1989. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed, annually, thirty per cent of its calculated level of production in 1989. However, in order to satisfy the basic domestic needs of Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to ten per cent of its calculated level of production in 1989.
4. Each Party shall ensure that for the twelve-month period commencing on 1 January 2005, and in each twelve-month period thereafter, its calculated level of consumption of the controlled substance in Group III of Annex B does not exceed zero. Each Party producing the substance shall, for the same periods, ensure that its calculated level of production of the substance does not exceed zero. However, in order to satisfy the basic domestic needs of the Parties operating under paragraph 1 of Article 5, its calculated level of production may exceed that limit by up to fifteen per cent of its calculated level of production in 1989.

5. The Parties shall review, in 1992, the feasibility of a more rapid schedule of reductions than that set out in this Article.

N. Article 3: Calculation of control levels

1. The following shall be added after "Articles 2" in Article 3 of the Protocol:

, 2A to 2E,

2. The following words shall be added after "Annex A" each time it appears in Article 3 of the Protocol:

or Annex B

O. Article 4: Control of trade with non-Parties

1. Paragraphs 1 to 5 of Article 4 shall be replaced by the following paragraphs:

1. As of 1 January 1990, each Party shall ban the import of the controlled substances in Annex A from any State not party to this Protocol.

1 bis. Within one year of the date of the entry into force of this paragraph, each Party shall ban the import of the controlled substances in Annex B from any State not party to this Protocol.

2. As of 1 January 1993, each Party shall ban the export of any controlled substances in Annex A to any State not party to this Protocol.

2 bis. Commencing one year after the date of entry into force of this paragraph, each Party shall ban the export of any controlled substances in Annex B to any State not party to this Protocol.

3. By 1 January 1992, the Parties shall, following the procedures in Article 10 of the Convention, elaborate in an annex a list of products containing controlled substances in Annex A. Parties that have not objected to the annex in accordance with those procedures shall ban, within one year of the annex having become effective, the import of those products from any State not party to this Protocol.

3 bis. Within three years of the date of the entry into force of this paragraph, the Parties shall, following the procedures in Article 10 of the Convention, elaborate in an annex a list of products containing controlled substances in Annex B. Parties that have not objected to the annex in accordance with those procedures shall ban, within one year of the annex having become effective, the import of those products from any State not party to this Protocol.

4. By 1 January 1994, the Parties shall determine the feasibility of banning or restricting, from States not party to this Protocol, the import of products produced with, but not containing, controlled substances in Annex A. If determined feasible, the Parties shall, following the procedures in Article 10 of the Convention, elaborate in an annex a list of such products. Parties that have not objected to the annex in accordance with those procedures shall ban, within one year of the annex having become effective, the import of those products from any State not party to this Protocol.

4 bis. Within five years of the date of the entry into force of this paragraph, the Parties shall determine the feasibility of banning or restricting, from States not party to this Protocol, the import of products produced with, but not containing, controlled substances in Annex B. If determined feasible, the Parties shall, following the procedures in Article 10 of the Convention, elaborate in an annex a list of such products. Parties that have not objected to the annex in accordance with those procedures shall ban or restrict, within one year of the annex having become effective, the import of those products from any State not party to this Protocol.

5. Each Party undertakes to the fullest practicable extent to discourage the export to any State not party to this Protocol of technology for producing and for utilizing controlled substances.

2. Paragraph 8 of Article 4 of the Protocol shall be replaced by the following paragraph:

8. Notwithstanding the provisions of this Article, imports referred to in paragraphs 1, 1 bis, 3, 3 bis, 4 and 4 bis, and exports referred to in paragraphs 2 and 2 bis, may be permitted from, or to, any State not party to this Protocol, if that State is determined by a meeting of the Parties to be in full compliance with Article 2, Articles 2A to 2E, and this Article and have submitted data to that effect as specified in Article 7.

3. The following paragraph shall be added to Article 4 of the Protocol as paragraph 9:

9. For the purposes of this Article, the term "State not party to this Protocol" shall include, with respect to a particular controlled substance, a State or regional economic integration organization that has not agreed to be bound by the control measures in effect for that substance.

P. Article 5: Special situation of developing countries

Article 5 of the Protocol shall be replaced by the following:

1. Any Party that is a developing country and whose annual calculated level of consumption of the controlled substances in Annex A is less than 0.3 kilograms per capita on the date of the entry into force of the Protocol for it, or any time thereafter until 1 January 1999, shall in order to meet its basic domestic needs, be entitled to delay for ten years its compliance with the control measures set out in Articles 2A to 2E.

2. However, any Party operating under paragraph 1 of this Article shall exceed neither an annual calculated level of consumption of the controlled substances in Annex A of 0.3 kilograms per capita nor an annual calculated level of consumption of the controlled substances of Annex B of 0.2 kilograms per capita.

3. When implementing the control measures set out in Articles 2A to 2E, any Party operating under paragraph 1 of this Article shall be entitled to use:

(a) For controlled substances under Annex A, either the average of its annual calculated level of consumption for the period 1995 to 1997 inclusive or a calculated level of consumption of 0.3 kilograms per capita, whichever is the lower, as the basis for determining its compliance with the control measures;

(b) For controlled substances under Annex B, the average of its annual calculated level of consumption for the period 1998 to 2000 inclusive or a calculated level of consumption of 0.2 kilograms per capita, whichever is the lower, as the basis for determining its compliance with the control measures.

4. If a Party operating under paragraph 1 of this Article, at any time before the control measures obligations in Articles 2A to 2E become applicable to it, finds itself unable to obtain an adequate supply of controlled substances, it may notify this to the Secretariat. The Secretariat shall forthwith transmit a copy of such notification to the Parties, which shall consider the matter at their next Meeting, and decide upon appropriate action to be taken.

5. Developing the capacity to fulfil the obligations of the Parties operating under paragraph 1 of this Article to comply with the control measures set out in Articles 2A to 2E and their implementation by those same Parties will depend upon the effective implementation of the financial co-operation as provided by Article 10 and transfer of technology as provided by Article 10A.

6. Any Party operating under paragraph 1 of this Article may, at any time, notify the Secretariat in writing that, having taken all practicable steps it is unable to implement any or all of the obligations laid down in Articles 2A to 2E due to the inadequate implementation of Articles 10 and 10A. The Secretariat shall forthwith transmit a copy of the notification to the Parties, which shall consider the matter at their next Meeting, giving due recognition to paragraph 5 of this Article and shall decide upon appropriate action to be taken.

7. During the period between notification and the Meeting of the Parties at which the appropriate action referred to in paragraph 6 above is to be decided, or for a further period if the Meeting of the Parties so decides, the non-compliance procedures referred to in Article 8 shall not be invoked against the notifying Party.

8. A Meeting of the Parties shall review, not later than 1995, the situation of the Parties operating under paragraph 1 of this Article, including the effective implementation of financial co-operation and transfer of technology to them, and adopt such revisions that may be deemed necessary regarding the schedule of control measures applicable to those Parties.

9. Decisions of the Parties referred to in paragraphs 4, 6 and 7 of this Article shall be taken according to the same procedure applied to decision-making under Article 10.

Q. Article 6: Assessment and review of control measures

The following words shall be added after "Article 2" in Article 6 of the Protocol:

Articles 2A to 2E, and the situation regarding production, imports and exports of the transitional substances in Group I of Annex C

R. Article 7: Reporting of data

1. Article 7 of the Protocol shall be replaced by the following:

1. Each Party shall provide to the Secretariat, within three months of becoming a Party, statistical data on its production, imports and exports of each of the controlled substances in Annex A for the year 1986, or the best possible estimates of such data where actual data are not available.

2. Each Party shall provide to the Secretariat statistical data on its production, imports and exports of each of the controlled substances in Annex B and each of the transitional substances in Group I of Annex C, for the year 1989, or the best possible estimates of such data where actual data are not available, not later than three months after the date when the provisions set out in the Protocol with regard to the substances in Annex B enter into force for that Party.

3. Each Party shall provide statistical data to the Secretariat on its annual production (as defined in paragraph 5 of Article 1), and, separately,

- amounts used for feedstocks,
- amounts destroyed by technologies approved by the Parties,
- imports and exports to Parties and non-Parties respectively,

of each of the controlled substances listed in Annexes A and B as well as of the transitional substances in Group I of Annex C, for the year during which provisions concerning the substances in Annex B entered into force for that Party and for each year thereafter. Data shall be forwarded not later than nine months after the end of the year to which the data relate.

4. For Parties operating under the provisions of paragraph 8 (a) of Article 2, the requirements in paragraphs 1, 2 and 3 of this Article in respect of statistical data on imports and exports shall be satisfied if the regional economic integration organization concerned provides data on imports and exports between the organization and States that are not members of that organization.

S. Article 9: Research, development, public awareness and exchange of information

Paragraph 1 (a) of Article 9 of the Protocol shall be replaced by the following:

(a) Best technologies for improving the containment, recovery, recycling, or destruction of controlled and transitional substances or otherwise reducing their emissions;

T. Article 10: Financial mechanism

Article 10 of the Protocol shall be replaced by the following:

Article 10: Financial mechanism

1. The Parties shall establish a mechanism for the purposes of providing financial and technical co-operation, including the transfer of technologies, to Parties operating under paragraph 1 of Article 5 of this Protocol to enable their compliance with the control measures set out in Articles 2A to 2E of the Protocol. The mechanism, contributions to which shall be additional to other financial transfers to Parties operating under that paragraph, shall meet all agreed incremental costs of such Parties in order to enable their compliance with the control measures of the Protocol. An indicative list of the categories of incremental costs shall be decided by the meeting of the Parties.

2. The mechanism established under paragraph 1 shall include a Multilateral Fund. It may also include other means of multilateral, regional and bilateral co-operation.

3. The Multilateral Fund shall:

(a) Meet, on a grant or concessional basis as appropriate, and according to criteria to be decided upon by the Parties, the agreed incremental costs;

(b) Finance clearing-house functions to:

(i) Assist Parties operating under paragraph 1 of Article 5, through country specific studies and other technical co-operation, to identify their needs for co-operation;

(ii) Facilitate technical co-operation to meet these identified needs;

- (iii) Distribute, as provided for in Article 9, information and relevant materials, and hold workshops, training sessions, and other related activities, for the benefit of Parties that are developing countries; and
 - (iv) Facilitate and monitor other multilateral, regional and bilateral co-operation available to Parties that are developing countries;
- (c) Finance the secretarial services of the Multilateral Fund and related support costs.
4. The Multilateral Fund shall operate under the authority of the Parties who shall decide on its overall policies.
5. The Parties shall establish an Executive Committee to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund. The Executive Committee shall discharge its tasks and responsibilities, specified in its terms of reference as agreed by the Parties, with the co-operation and assistance of the International Bank for Reconstruction and Development (World Bank), the United Nations Environment Programme, the United Nations Development Programme or other appropriate agencies depending on their respective areas of expertise. The members of the Executive Committee, which shall be selected on the basis of a balanced representation of the Parties operating under paragraph 1 of Article 5 and of the Parties not so operating, shall be endorsed by the Parties.
6. The Multilateral Fund shall be financed by contributions from Parties not operating under paragraph 1 of Article 5 in convertible currency or, in certain circumstances, in kind and/or in national currency, on the basis of the United Nations scale of assessments. Contributions by other Parties shall be encouraged. Bilateral and, in particular cases agreed by a decision of the Parties, regional co-operation may, up to a percentage and consistent with any criteria to be specified by decision of the Parties, be considered as a contribution to the Multilateral Fund, provided that such co-operation, as a minimum:
- (a) Strictly relates to compliance with the provisions of this Protocol;
 - (b) Provides additional resources; and
 - (c) Meets agreed incremental costs.
7. The Parties shall decide upon the programme budget of the Multilateral Fund for each fiscal period and upon the percentage of contributions of the individual Parties thereto.

8. Resources under the Multilateral Fund shall be disbursed with the concurrence of the beneficiary Party.

9. Decisions by the Parties under this Article shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be adopted by a two-thirds majority vote of the Parties present and voting, representing a majority of the Parties operating under paragraph 1 of Article 5 present and voting and a majority of the Parties not so operating present and voting.

10. The financial mechanism set out in this Article is without prejudice to any future arrangements that may be developed with respect to other environmental issues.

U. Article 10A: Transfer of technology

The following Article shall be added to the Protocol as Article 10A:

Article 10A: Transfer of technology

Each Party shall take every practicable step, consistent with the programmes supported by the financial mechanism, to ensure:

(a) That the best available, environmentally safe substitutes and related technologies are expeditiously transferred to Parties operating under paragraph 1 of Article 5; and

(b) That the transfers referred to in subparagraph (a) occur under fair and most favourable conditions.

V. Article 11: Meetings of the Parties

Paragraph 4 (g) of Article 11 of the Protocol shall be replaced by the following:

(g) Assess, in accordance with Article 6, the control measures and the situation regarding transitional substances;

W. Article 17: Parties joining after entry into force

The following words shall be added after "as well as under" in Article 17:

Articles 2A to 2E, and

X. Article 19: Withdrawal

Article 19 of the Protocol shall be replaced by the following paragraph:

Any Party may withdraw from this Protocol by giving written notification to the Depositary at any time after four years of assuming the obligations specified in paragraph 1 of Article 2A. Any such withdrawal shall take effect upon expiry of one year after the date of its receipt by the Depositary, or on such later date as may be specified in the notification of the withdrawal.

Y. Annexes

The following annexes shall be added to the Protocol:

Annex B

Controlled substances

<u>Group</u>	<u>Substance</u>	<u>Ozone-depleting potential</u>
<u>Group I</u>		
CF ₃ Cl	(CFC-13)	1.0
C ₂ FCl ₅	(CFC-111)	1.0
C ₂ F ₂ Cl ₄	(CFC-112)	1.0
C ₃ FCl ₇	(CFC-211)	1.0
C ₃ F ₂ Cl ₆	(CFC-212)	1.0
C ₃ F ₃ Cl ₅	(CFC-213)	1.0
C ₃ F ₄ Cl ₄	(CFC-214)	1.0
C ₃ F ₅ Cl ₃	(CFC-215)	1.0
C ₃ F ₆ Cl ₂	(CFC-216)	1.0
C ₃ F ₇ Cl	(CFC-217)	1.0
<u>Group II</u>		
CCl ₄	carbon tetrachloride	1.1
<u>Group III</u>		
C ₂ H ₃ Cl ₃ *	1,1,1-trichloroethane (methyl chloroform)	0.1

* This formula does not refer to 1,1,2-trichloroethane.

Annex C

Transitional substances

<u>Group</u>	<u>Substance</u>
<u>Group I</u>	
CHFCl ₂	(HCFC-21)
CHF ₂ Cl	(HCFC-22)
CH ₂ FCl	(HCFC-31)
C ₂ HFC1 ₄	(HCFC-121)
C ₂ HF ₂ Cl ₃	(HCFC-122)
C ₂ HF ₃ Cl ₂	(HCFC-123)
C ₂ HF ₄ Cl	(HCFC-124)
C ₂ H ₂ FC1 ₃	(HCFC-131)
C ₂ H ₂ F ₂ Cl ₂	(HCFC-132)
C ₂ H ₂ F ₃ Cl	(HCFC-133)
C ₂ H ₃ FC1 ₂	(HCFC-141)
C ₂ H ₃ F ₂ Cl	(HCFC-142)
C ₂ H ₄ FC1	(HCFC-151)
C ₃ HFC1 ₆	(HCFC-221)
C ₃ HF ₂ Cl ₅	(HCFC-222)
C ₃ HF ₃ Cl ₄	(HCFC-223)
C ₃ HF ₄ Cl ₃	(HCFC-224)
C ₃ HF ₅ Cl ₂	(HCFC-225)
C ₃ HF ₆ Cl	(HCFC-226)
C ₃ H ₂ FC1 ₅	(HCFC-231)
C ₃ H ₂ F ₂ Cl ₄	(HCFC-232)
C ₃ H ₂ F ₃ Cl ₃	(HCFC-233)
C ₃ H ₂ F ₄ Cl ₂	(HCFC-234)
C ₃ H ₂ F ₅ Cl	(HCFC-235)
C ₃ H ₃ FC1 ₄	(HCFC-241)
C ₃ H ₃ F ₂ Cl ₃	(HCFC-242)
C ₃ H ₃ F ₃ Cl ₂	(HCFC-243)
C ₃ H ₃ F ₄ Cl	(HCFC-244)
C ₃ H ₄ FC1 ₃	(HCFC-251)
C ₃ H ₄ F ₂ Cl ₂	(HCFC-252)
C ₃ H ₄ F ₃ Cl	(HCFC-253)
C ₃ H ₅ FC1 ₂	(HCFC-261)
C ₃ H ₅ F ₂ Cl	(HCFC-262)
C ₃ H ₆ FC1	(HCFC-271)

ARTICLE 2: ENTRY INTO FORCE

1. This Amendment shall enter into force on 1 January 1992, provided that at least twenty instruments of ratification, acceptance or approval of the Amendment have been deposited by States or regional economic integration organizations that are Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer. In the event that this condition has not been fulfilled by that date, the Amendment shall enter into force on the ninetieth day following the date on which it has been fulfilled.
2. For the purposes of paragraph 1, any such instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by member States of such organization.
3. After the entry into force of this Amendment as provided under paragraph 1, it shall enter into force for any other Party to the Protocol on the ninetieth day following the date of deposit of its instrument of ratification, acceptance or approval.

Annex III

NON-COMPLIANCE PROCEDURE

1. If one or more Parties have reservations regarding another Party's implementation of its obligations under the Protocol, those concerns may be addressed in writing to the Secretariat. Such a submission shall be supported by corroborating information.
2. The Party whose implementation is at issue is to be given the submission and a reasonable opportunity to reply. Such reply and information in support thereof is to be submitted to the Secretariat and to the Parties involved. The Secretariat shall then transmit the submission, the reply and the information provided by the Parties, to the Implementation Committee referred to in paragraph 3, which shall consider the matter as soon as practicable.
3. An Implementation Committee is hereby established. It shall consist of five Parties elected by the Meeting of the Parties for two years, based on equitable geographical distribution. Outgoing Parties may also be re-elected for one immediate consecutive term. At the first election, two Parties shall be elected for a one-year term.
4. The Committee shall meet as necessary to perform its functions.
5. The functions of the Committee shall be to receive, consider and report on:
 - (a) Any submission made by one or more Parties in accordance with paragraphs 1 and 2;
 - (b) Any information or observations forwarded by the Secretariat in connection with the preparation of the report referred to in Article 12 (c) of the Protocol.
6. The Committee shall consider the submissions, information and observations referred to in paragraph 5 with a view to securing an amicable resolution of the matter on the basis of respect for the provisions of the Protocol.
7. The Committee shall report to the Meeting of the Parties. After receiving a report by the Committee the Parties may, taking into consideration the circumstances of the case, decide upon and call for steps to bring about full compliance with the Protocol, including measures to assist the Party's compliance with the Protocol, and to further the Protocol's objectives.
8. The Parties involved in a matter referred to in paragraph 5 shall inform, through the Secretariat, the Meeting of the Parties of the results of proceedings taken under Article 11 of the Convention regarding possible non-compliance, about implementation of those results and about implementation of any decision of the Parties pursuant to paragraph 7.
9. The Meeting of the Parties may, pending completion of proceedings initiated under Article 11 of the Convention, issue an interim call and/or recommendations.

10. The Meeting of the Parties may request the Committee to make recommendations to assist the Meeting's consideration of cases of possible non-compliance.

11. The members of the Committee and any Party involved in its deliberations shall protect the confidentiality of information they receive in confidence.

Annex IV

APPENDICES TO DECISION II/8 ("FINANCIAL MECHANISM")
ADOPTED BY THE SECOND MEETING OF THE PARTIES

Appendix I

INDICATIVE LIST OF CATEGORIES OF INCREMENTAL COSTS

1. The evaluation of requests for financing incremental costs of a given project shall take into account the following general principles:

(a) The most cost-effective and efficient option should be chosen, taking into account the national industrial strategy of the recipient party. It should be considered carefully to what extent the infrastructure at present used for production of the controlled substances could be put to alternative uses, thus resulting in decreased capital abandonment, and how to avoid deindustrialization and loss of export revenues;

(b) Consideration of project proposals for funding should involve the careful scrutiny of cost items listed in an effort to ensure that there is no double-counting;

(c) Savings or benefits that will be gained at both the strategic and project levels during the transition process should be taken into account on a case-by-case basis, according to criteria decided by the Parties and as elaborated in the guidelines of the Executive Committee;

(d) The funding of incremental costs is intended as an incentive for early adoption of ozone protecting technologies. In this respect the Executive Committee shall agree which time scales for payment of incremental costs are appropriate in each sector.

2. Incremental costs that once agreed are to be met by the financial mechanism include those listed below. If incremental costs other than those mentioned below are identified and quantified, a decision as to whether they are to be met by the financial mechanism shall be taken by the Executive Committee consistent with any criteria decided by the Parties and elaborated in the guidelines of the Executive Committee. The incremental recurring costs apply only for a transition period to be defined. The following list is indicative:

(a) Supply of substitutes

(i) Cost of conversion of existing production facilities:

- cost of patents and designs and incremental cost of royalties;

- capital cost of conversion;
- cost of retraining of personnel, as well as the cost of research to adapt technology to local circumstances;
- (ii) Costs arising from premature retirement or enforced idleness, taking into account any guidance of the Executive Committee on appropriate cut-off dates:
 - of productive capacity previously used to produce substances controlled by existing and/or amended or adjusted Protocol provisions; and
 - where such capacity is not replaced by converted or new capacity to produce alternatives;
- (iii) Cost of establishing new production facilities for substitutes of capacity equivalent to capacity lost when plants are converted or scrapped, including:
 - cost of patents and designs and incremental cost of royalties;
 - capital cost;
 - cost of training, as well as the cost of research to adapt technology to local circumstances;
- (iv) Net operational cost, including the cost of raw materials;
- (v) Cost of import of substitutes;
- (b) Use in manufacturing as an intermediate good
 - (i) Cost of conversion of existing equipment and product manufacturing facilities;
 - (ii) Cost of patents and designs and incremental cost of royalties;
 - (iii) Capital cost;
 - (iv) Cost of retraining;
 - (v) Cost of research and development;
 - (vi) Operational cost, including the cost of raw materials except where otherwise provided for;

(c) End use

- (i) Cost of premature modification or replacement of user equipment;
- (ii) Cost of collection, management, recycling, and, if cost effective, destruction of ozone-depleting substances;
- (iii) Cost of providing technical assistance to reduce consumption and unintended emission of ozone-depleting substances.

Appendix II

TERMS OF REFERENCE OF THE EXECUTIVE COMMITTEE

1. The Executive Committee of the Parties is established to develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements including the disbursement of resources, for the purpose of achieving the objectives of the Multilateral Fund under the Financial Mechanism.
2. The Executive Committee shall consist of seven Parties from the group of Parties operating under paragraph 1 of Article 5 of the Protocol and seven Parties from the group of Parties not so operating. Each group shall select its Executive Committee members. The members of the Executive Committee shall be formally endorsed by the Meeting of the Parties.
3. The Chairman and Vice-Chairman shall be selected from the fourteen Executive Committee members. The office of Chairman is subject to rotation, on an annual basis, between the Parties operating under paragraph 1 of Article 5, and the Parties not so operating. The group of Parties entitled to the chairmanship shall select the Chairman from among their members of the Executive Committee. The Vice-Chairman shall be selected by the other group from within their number.
4. Decisions by the Executive Committee shall be taken by consensus whenever possible. If all efforts at consensus have been exhausted and no agreement reached, decisions shall be taken by a two-thirds majority of the Parties present and voting, representing a majority of the Parties operating under paragraph 1 of Article 5 and a majority of the Parties not so operating present and voting.
5. The meetings of the Executive Committee shall be conducted in those official languages of the United Nations required by members of the Executive Committee. Nevertheless the Executive Committee may agree to conduct its business in one of the United Nations official languages.
6. Costs of Executive Committee meetings, including travel and subsistence of Committee participants from Parties operating under paragraph 1 of Article 5, shall be disbursed from the Multilateral Fund as necessary.
7. The Executive Committee shall ensure that the expertise required to perform its functions is available to it.
8. The Executive Committee shall meet at least twice a year.
9. The Executive Committee shall adopt other rules of procedure on a provisional basis and in accordance with paragraphs 1 to 8 of these terms of reference. Such provisional rules of procedure shall be submitted to the next annual meeting of the Parties for endorsement. This procedure shall also be followed when such rules of procedure are amended.

10. The functions of the Executive Committee shall include:

(a) To develop and monitor the implementation of specific operational policies, guidelines and administrative arrangements, including the disbursement of resources;

(b) To develop the three-year plan and budget for the Multilateral Fund, including allocation of Multilateral Fund resources among the agencies identified in paragraph 6 of decision II/8;

(c) To supervise and guide the administration of the Multilateral Fund;

(d) To develop the criteria for project eligibility and guidelines for the implementation of activities supported by the Multilateral Fund;

(e) To review regularly the performance reports on the implementation of activities supported by the Multilateral Fund;

(f) To monitor and evaluate expenditure incurred under the Multilateral Fund;

(g) To consider and, where appropriate, approve country programmes for compliance with the Protocol and, in the context of those country programmes, assess and, where applicable, approve all project proposals or groups of project proposals where the agreed incremental costs exceed \$500,000;

(h) To review any disagreement by a Party operating under paragraph 1 of Article 5 with any decision taken with regard to a request for financing by that Party of a project or projects where the agreed incremental costs are less than \$500,000;

(i) To assess annually whether the contributions through bilateral co-operation, including particular regional cases, comply with the criteria set out by the Parties for consideration as part of the contributions to the Multilateral Fund;

(j) To report annually to the meeting of the Parties on the activities exercised under the functions outlined above, and to make recommendations as appropriate;

(k) To nominate, for appointment by the Executive Director of UNEP, the Chief Officer of the Fund Secretariat, who shall work under the Executive Committee and report to it; and

(l) To perform such other functions as may be assigned to it by the Meeting of the Parties.

Appendix III

MULTILATERAL FUND FOR THE FINANCIAL MECHANISM: SCALE OF CONTRIBUTIONS BY
THE PARTIES BASED ON THE UNITED NATIONS SCALE OF ASSESSMENT WITH NO
COUNTRY PAYING MORE THAN 25 PER CENT FOR 1991, 1992, AND 1993

Party	UN scale of contribution (%)	Percentages based on the United Nations scale with a 25 per cent ceiling (%)	Pledges for 1991 (US \$)	Pledges for 1992 (US \$)	Pledges for 1993 (US \$)
Brazil	1.45	0.00	0	0	0
Burkina Faso	0.01	0.00	0	0	0
Cameroon	0.01	0.00	0	0	0
Chile	0.08	0.00	0	0	0
Ecuador	0.03	0.00	0	0	0
Egypt	0.07	0.00	0	0	0
Fiji	0.01	0.00	0	0	0
Ghana	0.01	0.00	0	0	0
Guatemala	0.02	0.00	0	0	0
Jordan	0.01	0.00	0	0	0
Kenya	0.01	0.00	0	0	0
Malaysia	0.11	0.00	0	0	0
Maldives	0.01	0.00	0	0	0
Mexico	0.94	0.00	0	0	0
Nigeria	0.20	0.00	0	0	0
Sri Lanka	0.01	0.00	0	0	0
Syrian Arab Republic	0.04	0.00	0	0	0
Thailand	0.10	0.00	0	0	0
Trinidad and Tobago	0.05	0.00	0	0	0
Tunisia	0.03	0.00	0	0	0
Uganda	0.01	0.00	0	0	0
Venezuela	0.57	0.00	0	0	0
Zambia	0.01	0.00	0	0	0

Developing countries that are not operating under paragraph 1 of Article 5

Party	UN scale of contribution (%)	Percentages based on the United Nations scale with a 25 per cent ceiling (%)	Pledges for 1991 (US \$)	Pledges for 1992 (US \$)	Pledges for 1993 (US \$)
<u>Developing countries that are not operating under paragraph 1 of Article 5</u>					
Bahrain	0.02	0.02	12 553	12 553	12 553
Malta	0.01	0.01	6 276	6 276	6 276
Panama	0.02	0.02	12 553	12 553	12 553
Singapore	0.11	0.13	69 041	69 041	69 041
United Arab Emirates	0.19	0.22	119 253	119 253	119 253
<u>Developed countries</u>					
Australia	1.57	1.85	985 407	985 407	985 407
Austria	0.74	0.87	464 459	464 459	464 459
Byelorussian SSR	0.33	0.39	207 124	207 124	207 124
Canada	3.09	3.64	1 939 432	1 939 432	1 939 432
Finland	0.51	0.60	320 100	320 100	320 100
German Democratic Republic	1.28	1.51	803 389	803 389	803 389
Hungary	0.21	0.25	131 806	131 806	131 806
Iceland	0.03	0.04	18 829	18 829	18 829
Japan	11.38	13.39	7 142 633	7 142 633	7 142 633
Liechtenstein	0.01	0.01	6 276	6 276	6 276
New Zealand	0.24	0.28	150 635	150 635	150 635
Norway	0.55	0.65	345 206	345 206	345 206
South Africa	0.45	0.53	282 442	282 442	282 442
Sweden	1.21	1.42	759 454	759 454	759 454
Switzerland	1.08	1.27	677 860	677 860	677 860
Ukrainian SSR	1.25	1.47	784 560	784 560	784 560
USSR	9.99	11.76	6 270 202	6 270 202	6 270 202
United States	25.00	25.00	13 333 333	13 333 333	13 333 333

Party	UN scale of contribution (%)	Percentages based on the United Nations scale with a 25 per cent ceiling (%)	Pledges for 1991 (US \$)	Pledges for 1992 (US \$)	Pledges for 1993 (US \$)
EEC (total for member States)	0	0.00	0	0	0
Belgium	29.46	34.67	734 348	734 348	734 348
Denmark	1.17	1.38	433 077	433 077	433 077
France	0.69	0.81	3 922 799	3 922 799	3 922 799
Germany, Federal Republic of	6.25	7.36	5 071 395	5 071 395	5 071 395
Greece	8.08	9.51	251 059	251 059	251 059
Ireland	0.40	0.47	112 977	112 977	112 977
Italy	0.18	0.21	2 540 315	2 540 315	2 540 315
Luxembourg	3.99	4.70	37 659	37 659	37 659
Netherlands	0.06	0.07	1 035 619	1 035 619	1 035 619
Portugal	1.65	1.94	112 977	112 977	112 977
Spain	0.18	0.21	1 223 913	1 223 913	1 223 913
United Kingdom	1.95	2.29	3 050 369	3 050 369	3 050 369
	4.86	5.72			
TOTAL	92.52	100.00	53 333 333	53 333 333	53 333 333

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Appendix IV

TERMS OF REFERENCE FOR THE INTERIM MULTILATERAL FUND

A. Establishment

1. An interim Multilateral Fund, of \$160 million, which could be raised by up to \$80 million during the three-year period when more countries become Parties to the Protocol, hereinafter referred to as "the Multilateral Fund", shall be established.

B. Roles of the implementing agencies

2. Under the overall guidance and supervision of the Executive Committee in the discharge of its policy-making functions:

(a) Implementing agencies shall be requested by the Executive Committee, in the context of country programmes developed to facilitate compliance with the Protocol, to co-operate with and assist the Parties within their respective areas of expertise; and

(b) Implementing agencies shall be invited by the Executive Committee to develop an inter-agency agreement and specific agreements with the Executive Committee acting on behalf of the Parties.

Implementing agencies shall apply only those considerations relevant to effective and economically efficient programmes and projects which are consistent with any criteria adopted by the Parties.

3. Specifically,

(a) The United Nations Environment Programme shall be invited by the Executive Committee to co-operate and assist in political promotion of the objectives of the Protocol, as well as in research, data gathering and the clearing-house functions;

(b) The United Nations Development Programme and such other agencies which, within their areas of expertise, may be able to assist, shall be invited by the Executive Committee to co-operate and assist in feasibility and pre-investment studies and in other technical assistance measures;

(c) The World Bank shall be invited by the Executive Committee to co-operate and assist in administering and managing the programme to finance the agreed incremental costs;

(d) Other agencies, in particular regional development banks, shall also be invited by the Executive Committee to co-operate with and assist it in carrying out its functions.

4. The Executive Committee shall draw up reporting criteria and shall invite the implementing agencies to report regularly to it in accordance with those criteria.

5. The Executive Committee shall invite the implementing agencies, in fulfilling their responsibilities in respect of the Multilateral Fund, to consult each other regularly. It shall also invite the heads of the agencies, or their representatives, to meet at least once a year to report on their activities and consult on co-operative arrangements.
6. The implementing agencies shall be entitled to receive support costs for the activities they undertake having reached specific agreements with the Executive Committee.

C. Budget and contributions

7. The Multilateral Fund shall be financed in accordance with paragraph 7 of decision II/8. In addition, contributions may be made by countries not Party to the Protocol, and by other governmental, intergovernmental, non-governmental and other sources.
8. The contributions referred to in paragraph 7 above are to be based on the scale of contributions set out in Appendix III. Bilateral, and in particular cases, regional co-operation by a country not operating under paragraph 1 of Article 5 may, according to criteria adopted by the Parties, be considered as a contribution to the Multilateral Fund up to a total of twenty per cent of the total contribution by that Party set out in Appendix III.
9. All contributions other than the value of bilateral and agreed regional co-operation referred to in paragraph 8 above shall be in convertible currency or, in certain circumstances, in kind and/or in national currency.
10. Contributions from States that become Parties not operating under paragraph 1 of Article 5 after the beginning of the financial period of the mechanism shall be calculated on a pro rata basis for the balance of the financial period.
11. Contributions not immediately required for the purposes of the Multilateral Fund shall be invested under the authority of the Executive Committee and any interest so earned shall be credited to the Multilateral Fund.
12. Budget estimates, setting out the income and expenditure of the Multilateral Fund prepared in United States dollars, shall be drawn up by the Executive Committee and submitted to the regular meetings of the Parties to the Protocol.
13. The proposed budget estimates shall be dispatched by the Fund Secretariat to all Parties to the Protocol at least sixty days before the date fixed for the opening of the regular meeting of the Parties to the Protocol at which they are to be considered.
14. After entry into force of the Amendment to the Protocol, the Financial Mechanism shall be established by the Parties at their next regular meeting and any resources remaining in the interim Multilateral Fund shall be transferred to the multilateral fund established under that mechanism.

D. Administration

15. The World Bank shall be invited by the Executive Committee to co-operate with and assist it in administering and managing the programme to finance the agreed incremental costs of Parties operating under paragraph 1 of Article 5. Should the World Bank accept this invitation, in the context of an agreement with the Executive Committee, the President of the World Bank shall be the Administrator of this programme, which shall operate under the authority of the Executive Committee.
16. The Executive Committee shall encourage the involvement of other agencies, in particular the regional development banks, in carrying out its functions effectively in relation to the programme to finance the agreed incremental costs.
17. The Fund Secretariat operating under the Chief Officer, co-located with the United Nations Environment Programme (UNEP) at a place to be decided by the Executive Committee, shall assist the Executive Committee in the discharge of its functions. The Multilateral Fund shall cover Secretariat costs, based on regular budgets to be submitted for decision by the Executive Committee.
18. In the event that the Chief Officer of the Fund Secretariat anticipates that there may be a shortfall in resources over the financial period as a whole, he shall have discretion to adjust the budget approved by the Parties so that expenditures are at all times fully covered by contributions received.
19. No commitments shall be made in advance of the receipt of contributions, but income not spent in a budget year and unimplemented activities may be carried forward from one year to the next within the financial period.
20. At the end of each calendar year, the Chief Officer of the Fund Secretariat shall submit to the Parties accounts for the year. The Chief Officer shall also, as soon as practicable, submit the audited accounts for each period so as to coincide with the accounting procedures of the implementing agencies.
21. The Fund Secretariat and the implementing agencies shall co-operate with the Parties to provide information on funding available for relevant projects, to secure the necessary contacts and to co-ordinate, when requested by the interested Party, projects financed from other sources with activities financed under the Protocol.
22. The financing of activities or other costs, including resources channelled to third party beneficiaries, shall require the concurrence of the recipient Governments concerned. Recipient Governments shall, where appropriate, be associated with the planning of projects and programmes.
23. Nothing shall preclude a beneficiary Party operating under paragraph 1 of Article 5 from applying for its requirements for agreed incremental costs solely from the resources available to the Multilateral Fund.

Annex V

PROVISIONAL BUDGET FOR THE MULTILATERAL FUND SECRETARIAT
 UNDER THE MONTREAL PROTOCOL FOR 1991
 (United States dollars)

	<u>1991</u>
1100 <u>Project personnel</u>	
1101 Chief, Fund Secretarial Services <u>1/</u>	90 000
1102 Deputy Chief, Fund (Economist) (P-4/P-5)	80 000
1103 Deputy Chief, clearing-house (Engineer) (P-4/P-5)	80 000
1104 Programme officer (Economist) (P-3)	70 000
1105 Programme officer (Engineer) (P-3)	70 000
1106 Programme officer (Engineer) (P-3)	70 000
1107 Programme officer (Environmental scientist) (P-3)	70 000
1108 Programme officer (Environmental scientist) (P-3)	70 000
1109 Administrative officer (P-2)	50 000
1110 Fund management officer (P-2)	50 000
<hr/>	
SUBTOTAL	700 000
<hr/>	
1200 <u>Consultants</u>	
1201 Financial mechanisms	55 000
1202 Country-specific studies	2 000 000
1203 Technology transfer and technical co-operation	1 500 000
<hr/>	
SUBTOTAL	3 555 000

1/ For the purposes of this budget, the cost of the Chief of the Fund Secretarial Services has been calculated at the D-1 level. Should the Executive Committee wish to have the Chief at the D-2 level, the additional cost will be \$10,000 each year.

		<u>1991</u>
1300	<u>Administrative support</u>	
1301	Senior secretary	14 000
1302	Senior secretary	14 000
1303	Secretary	12 000
1304	Secretary	12 000
1305	Secretary	12 000
1306	Secretary	12 000
1307	Administrative assistant	14 000
1308	Administrative assistant	14 000
1320	<u>Conference-servicing costs</u> (interpreters, translators, typists, etc)	
1320	Regional workshops (6)	500 000
<hr/>		
SUBTOTAL		604 000
<hr/>		
1600	<u>Travel on official business</u>	
1601	Travel and subsistence costs of Secretariat staff members	25 000
1602	Travel and subsistence costs of conference-servicing staff	25 000
<hr/>		
SUBTOTAL		50 000
<hr/>		
30	<u>Training</u>	
3200	<u>Training courses</u>	
3201	Training courses	500 000
3300	<u>Workshops</u>	
3301	Travel and subsistence costs of participants to workshops (3 each year)	465 000
<hr/>		
SUBTOTAL		965 000
<hr/>		

1991

40	<u>Equipment</u>	
	4100 Miscellaneous	10 000
	4202 Photocopier (2)	10 000
	4203 Personal computers (4)	32 000
	4204 Portable computers (4)	16 000
<hr/>		
	SUBTOTAL	68 000
<hr/>		
50	<u>Miscellaneous</u>	
	5100 Maintenance of equipment	6 000
	5200 Reporting	10 000
<hr/>		
	SUBTOTAL	16 000
<hr/>		
53	<u>Sundry</u>	
	5301 Communications	30 000
	5301 Freight charges (shipment of documents)	5 000
	5303 Other	10 000
	5304 Hospitality	3 000
<hr/>		
	SUBTOTAL	48 000
<hr/>		
	<u>Contingency fund</u>	600 000
<hr/>		
	TOTAL	6 606 000
<hr/>		
	Programme support costs (13%)	859 000
<hr/>		
	GRAND TOTAL	7 465 000
<hr/>		

Annex VI

I. REVISED BUDGET UNDER THE MONTREAL PROTOCOL FOR THE YEAR 1990
 (United States dollars)

	<u>Budget as adopted in Helsinki</u>	<u>Increase</u>	<u>Total</u>
1100 <u>Project personnel</u> (to be shared between the Convention and the Protocol)			
1101 Co-ordinator (Lawyer) (P-4/P-5)	40 000	-	40 000
1102 Programme officer (Scientist) (P-3/P-4)	34 000	-	34 000
1103 Administrative officer (P-2)	23 000	-	23 000
SUBTOTAL	97 000	-	97 000
1200 <u>Consultants</u> 1/			
1201 Consultants	30 000	240 000	270 000
SUBTOTAL	30 000	240 000	270 000
1300 <u>Administrative support</u>			
1301 Administrative assistant (to be shared with the Convention)	6 500	-	6 500
1302 Secretary	12 000	-	12 000
<u>Conference-servicing costs</u>			
1321 Second Meeting of the Parties to the Protocol	173 000	-	173 000
1322 Regional workshops (3)	-	620 000	620 000
1323 Working Group meetings (6) 2/	135 000	615 000	750 000
1324 Meetings of the Bureau	35 000	35 000	70 000
SUBTOTAL	361 500	1 270 000	1 631 500

	<u>Budget as adopted in Helsinki</u>	<u>Increase</u>	<u>Total</u>
1600 <u>Travel on official business</u>			
1600 Travel and subsistence costs of UNEP staff members	60 000	30 000	90 000
SUBTOTAL	60 000	30 000	90 000
3300 <u>Meeting/conferences</u>			
<u>Travel and subsistence cost of experts from developing countries to participate in the:</u>			
3301 Second Meeting of the Parties (1990)	35 000	165 000	200 000
3302 Regional workshops	-	70 000	70 000
3303 Working group meetings (6)	105 000	240 000	345 000
3304 Travel and daily subsistence allowance of participants of the Bureau	35 000	-	35 000
SUBTOTAL	175 000	475 000	650 000
4000 <u>Equipment</u>	20 000	-	20 000
SUBTOTAL	20 000	-	20 000

	<u>Budget as adopted in Helsinki</u>	<u>Increase</u>	<u>Total</u>
5000 <u>Miscellaneous</u>			
5100 Maintenance of equipment	3 000	-	3 000
5200 Reporting costs <u>3/</u>	5 000	172 000	177 000
<hr/>			
SUBTOTAL	8 000	172 000	180 000
<hr/>			
5300 <u>Sundry</u>			
5301 Communications	10 000	10 000	20 000
5302 Freight charges (shipment of documents)	7 000	8 000	15 000
5303 Other	5 000	5 000	10 000
5400 Hospitality	10 000	15 000	25 000
<hr/>			
SUBTOTAL	32 000	38 000	70 000
<hr/>			
TOTAL	783 500	2 225 000	3 008 500
<hr/>			
Programme support costs (13%)	100 000	291 500	391 500
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GRAND TOTAL	883 500	2 516 500	3 400 000

1/ Consultants for preparing a data base on the controlled substances, studies on financial mechanisms, country studies and preparations for the Second Meeting of the Parties.

2/ Based on the experience in 1989, the total conference-servicing costs of a Working Group meeting of 4-5 days are estimated at approximately \$20,000 per working language and approximately \$5,000 for secretarial support. Thus, a Working Group meeting using three working languages would cost approximately \$65,000. The cost will vary, depending on the level of daily subsistence allowance applicable at the venue of the meeting. For the purpose of this budget, Geneva has been taken as the venue.

3/ Including translation, reproduction and dissemination of the executive summaries of the assessment panel reports, the synthesis report, the report of the Technology Review Panel and the five technical options reports.

II. TRUST FUND FOR THE MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

Contribution to the costs of Ozone Secretariat for 1990 (expressed in US dollars)

Party	A Trust Fund pledges for 1990 a (US \$)	B Additional funds requested b/ (US \$)	C Percentage of total costs c/ (%)	D Adjusted additional pledge for 1990 (\$133,656 x C)	E Total adjusted pledges (A + B + D) (US \$)	F Paid for 1990 (as at 15 June 1990) (US \$)	G Balance to be paid (E - F) (US \$)
Australia	16 108	39 721	1.70	2 272	58 101	0	58 101
Austria	7 592	18 722	0.80	1 071	27 385	0	27 385
Bahrain	0	0	0.00	0	0	0	0
Belgium	12 000	29 920	1.27	1 693	43 613	0	43 613
Brazil	11 158	27 514	1.57	2 099	40 771	0	40 771
Burkina Faso	0	0	0.00	0	0	0	0
Byelorussian SSR	3 385	8 360	0.36	478	12 223	0	12 223
Cameroon	0	0	0.00	0	0	0	0
Canada	31 694	78 980	3.35	4 472	115 146	31 694	83 452
Chile	0	0	0.00	0	0	0	0
Denmark	7 077	17 600	0.75	999	25 676	7 077 d/	18 599
Ecuador	0	0	0.00	0	0	0	0
Egypt	0	0	0.00	0	0	0	0
Fiji	0	0	0.00	0	0	0	0
Finland	5 231	12 980	0.55	738	18 949	18 211	738
France	64 105	159 720	6.77	9 046	232 871	0	232 871
German Democratic Republic	14 257	35 420	1.39	1 853	51 530	14 257	37 273
Germany, Federal Republic of	82 875	206 360	8.75	11 695	300 930	82 875	218 055
Ghana	0	0	0.00	0	0	0	0
Greece	4 103	10 120	0.43	579	14 802	0	14 802
Guatemala	0	0	0.00	0	0	0	0
Hungary	2 154	5 280	0.23	304	7 738	7 434	304

Party	A Trust Fund pledges for 1990 a/ (US \$)	B Additional funds requested b/ (US \$)	C Percentage of total costs c/ (%)	D Adjusted additional pledge for 1990 (\$133,656 x C)	E Total adjusted pledges (A + B + D) (US \$)	F Paid for 1990 (as at 15 June 1990) (US \$)	G Balance to be paid (E - F) (US \$)
Iceland	0	0	0.00	0	0	0	0
Ireland	1 846	4 620	0.19	261	6 727	6 466	261
Italy	40 925	101 860	4.32	5 755	148 560	0	148 560
Japan	116 722	290 620	12.32	16 471	423 813	0	423 813
Jordan	0	0	0.00	0	0	0	0
Kenya	0	0	0.00	0	0	0	0
Liechtenstein	0	0	0.00	0	0	0	0
Luxembourg	0	0	0.00	0	0	0	0
Malaysia	1 129	2 783	0.12	159	4 071	0	4 071
Maldives	0	0	0.00	0	0	1 500	(1 500)
Malta	0	0	0.00	0	0	0	0
Mexico	9 641	23 980	1.02	1 361	34 982	0	34 982
Netherlands	16 924	42 240	1.79	2 388	61 552	0	61 552
New Zealand	2 462	6 160	0.26	347	8 969	8 622	347
Nigeria	2 051	5 060	0.22	289	7 400	0	7 400
Norway	5 641	17 124	0.60	796	23 561	19 721 e/	3 840
Panama	0	0	0.00	0	0	0	0
Portugal	1 846	4 620	0.19	261	6 727	0	6 727
Singapore	1 128	2 860	0.12	159	4 147	1 128	3 019
South Africa	4 617	11 385	0.49	651	16 653	0	16 653
Spain	20 001	49 720	2.11	2 822	72 543	0	72 543
Sri Lanka	0	0	0.00	0	0	0	0
Sweden	12 411	60 000	1.31	1 751	74 162	25 911	48 251
Switzerland	11 077	27 500	1.17	1 563	40 140	27 500	12 640
Syrian Arab Republic	0	0	0.00	0	0	0	0
Thailand	1 026	2 530	0.11	145	3 701	0	3 701
Trinidad and Tobago	0	0	0.00	0	0	0	0
Tunisia	0	0	0.00	0	0	0	0

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Party	A Trust Fund pledges for 1990 a/ (US \$)	B Additional funds requested b/ (US \$)	C Percentage of total costs c/ (%)	D Adjusted additional pledge for 1990 (\$133,656 x C)	E Total adjusted pledges (A + B + D) (US \$)	F Paid for 1990 (as at 15 June 1990) (US \$)	G Balance to be paid (E - F) (US \$)
Uganda	G. 12 821	0	0.00	0	0	0	0
Ukrainian SSR	102 465	31 900	1.35	1 809	46 530	0	46 530
USSR	1 949	255 200	10.82	14 459	372 124	0	372 124
United Arab Emirates	49 848	4 807	0.21	275	7 031	0	7 031
United Kingdom	220 875	124 080	5.26	7 034	180 962	49 848	131 114
USA	5 846	550 000	25.00	33 414	804 289	70 750	733 539
Venezuela	22 088	14 520	0.62	825	21 191	0	21 191
Zambia		0	0.00	0	0	0	0
EEC		55 000	2.50	3 341	80 429	22 088	58 341
TOTAL	927 078	2 339 266	100.00	133 656	3 400 000	395 082	3 004 918

a/ Level of contributions calculated on the basis of the scale of assessments agreed by the First Meeting of the Contracting Parties in May 1989, Helsinki.

b/ The additional funds requested by the Open-Ended Working Group at the third session of its first meeting, 18-22 September, 1989.

c/ Calculated on the basis of the United Nations scale of assessments, as agreed by the First Meeting of the Parties.

d/ \$100,000 paid for support to participants from developing countries and studies on technology options in low income developing countries is removed from the table, as it is considered as special additional contribution.

e/ \$3,044 paid for support to participants from developing countries is removed from the table, as it is considered as special additional contribution.

III. BUDGET FOR THE SECRETARIAT CORE COSTS UNDER THE MONTREAL
 PROTOCOL FOR 1991 AND 1992
 (United States dollars)

	<u>1991</u>	<u>1992</u>	<u>Total</u>
<u>1100 Project personnel</u>			
1101 Secretary (Co-ordinator) (D-1)	90 000	92 000	182 000
1102 Deputy Secretary (Lawyer) (P-4/P-5) (shared with the Vienna Convention)	40 000	41 000	81 000
1103 Programme officer (Lawyer) (P-3)	70 000	72 000	142 000
1104 Programme officer (Chemist/ environmental scientist) (shared with the Vienna Convention) (P-3)	35 000	36 000	71 000
1105 Administrative officer (shared with the Vienna Convention) (P-2)	25 000	26 000	51 000
SUBTOTAL	260 000	267 000	527 000
<u>1200 Consultants</u>			
1201 Data reporting	30 000	30 000	60 000
1202 Preparations for the Meeting of the Parties	10 000	10 000	20 000
1203 Dissemination of information	10 000	10 000	20 000
SUBTOTAL	50 000	50 000	100 000
<u>1300 Administrative support</u>			
1301 Administrative assistant (shared with the Vienna Convention)	7 000	7 000	14 000
1302 Senior secretary	14 000	14 000	28 000
1303 Secretary 1/	12 000	6 000	18 000
1304 Secretary 1/	12 000	6 000	18 000

	<u>1991</u>	<u>1992</u>	<u>Total</u>
1320 <u>Conference-servicing costs</u> (interpreters, translators, typists, etc)			
1321 Third Meeting of the Parties to the Montreal Protocol	175 000	-	175 000
1322 Fourth Meeting of the Parties to the Montreal Protocol	-	175 000	175 000
1323 Working Group meetings (6)	480 000	240 000	720 000
1324 Meeting of the Bureau of the Montreal Protocol (4)	70 000	70 000	140 000
1325 Informal consultations (4)	10 000	10 000	20 000
1326 Meeting of the assessment panels	10 000	50 000	60 000
1327 Meetings of committees established by the Parties <u>2/</u>	100 000	145 000	245 000
SUBTOTAL	890 000	723 000	1 613 000
1600 <u>Travel on official business</u>			
1601 Travel and subsistence costs of Secretariat staff members	100 000	100 000	200 000
1602 Travel and subsistence costs of UNEP conference-servicing staff	40 000	20 000	60 000
SUBTOTAL	140 000	120 000	260 000
3300 <u>Meetings/conferences</u>			
3301 Travel and subsistence costs of participants in the Working Group meetings (15 participants from developing countries per meeting, \$3,500 per participant)	210 000	105 000	315 000
3302 Travel and subsistence costs of participants in the Meetings of the Parties (30 participants from developing countries)	100 000	100 000	200 000
3303 Travel and subsistence costs of participants from developing countries in the meetings of the Bureau	35 000	35 000	70 000

	<u>1991</u>	<u>1992</u>	<u>Total</u>
3304 Travel and subsistence costs of participants from developing countries in assessment meetings	35 000	175 000	210 000
3305 Travel and subsistence costs of participants from developing countries in committee meetings	70 000	70 000	140 000
SUBTOTAL	450 000	485 000	935 000
4000 Equipment			
4100 Miscellaneous	5 000	10 000	15 000
4201 Telefax machine	5 000	-	5 000
4202 Photocopier (1)	5 000	-	5 000
4203 Personal computers (3)	24 000	-	24 000
4204 Portable computers (3)	12 000	-	12 000
SUBTOTAL	51 000	10 000	61 000
5000 Miscellaneous			
5100 Maintenance of equipment	3 000	9 000	12 000
5200 Reporting	30 000	35 000	65 000
SUBTOTAL	33 000	44 000	77 000
5300 Sundry			
5301 Communications	30 000	30 000	60 000
5301 Freight charges (shipment of documents)	15 000	15 000	30 000
5303 Other	10 000	10 000	20 000
5401 Hospitality	15 000	15 000	30 000
SUBTOTAL	70 000	70 000	140 000
Contingency Fund	200 000	200 000	400 000
TOTAL	2 144 000	1 969 000	4 113 000
Programme support costs (13%)	279 000	256 000	535 000
GRAND TOTAL	2 423 000	2 225 000	4 648 000

1/ To be shared with the Vienna Convention from 1992, when a new budget is adopted for the Convention.

2/ The estimated cost per meeting (of 2-3 days) using three languages is approximately \$11,000 per language. Three meetings are anticipated in 1991. Four meetings are anticipated in 1992 at a cost of approximately \$12,000 per language.

IV. TRUST FUND FOR THE MONTREAL PROTOCOL ON SUBSTANCES
THAT DEplete THE OZONE LAYER

Contributions to the core costs of the
Ozone Secretariat for 1991-1992

Party	Percentage of total costs*	Pledges for 1991 (\$)	Pledges for 1992 (\$)
Australia	1.70	41 195	37 828
Austria	0.80	19 417	17 830
Bahrain	0.00	0	0
Belgium	1.27	30 699	28 191
Brazil	1.57	38 046	34 937
Burkina Faso	0.00	0	0
Byelorussian SSR	0.36	8 659	7 951
Cameroon	0.00	0	0
Canada	3.35	81 077	74 452
Chile	0.00	0	0
Denmark	0.75	18 105	16 625
Ecuador	0.00	0	0
Egypt	0.00	0	0
Fiji	0.00	0	0
Finland	0.55	13 382	12 288
France	6.77	163 991	150 590
German Democratic Republic	1.39	33 585	30 841
Germany, Federal Republic of	8.75	212 008	194 683
Ghana	0.00	0	0
Greece	0.43	10 495	9 638
Guatemala	0.00	0	0
Hungary	0.23	5 510	5 060
Iceland	0.00	0	0
Ireland	0.19	4 723	4 337
Italy	4.32	104 692	96 137
Japan	12.32	298 595	274 195
Jordan	0.00	0	0
Kenya	0.00	0	0
Liechtenstein	0.00	0	0
Luxembourg	0.00	0	0
Malaysia	0.12	2 886	2 650
Maldives	0.00	0	0
Malta	0.00	0	0
Mexico	1.02	24 664	22 649
Netherlands	1.79	43 294	39 756
New Zealand	0.26	6 297	5 783
Nigeria	0.22	5 248	4 819
Norway	0.60	14 431	13 252
Panama	0.00	0	0

Party	Percentage of total costs*	Pledges for	
		1991 (\$)	1992 (\$)
Portugal	0.19	4 723	4 337
Singapore	0.12	2 886	2 650
South Africa	0.49	11 807	10 843
Spain	2.11	51 165	46 984
Sri Lanka	0.00	0	0
Sweden	1.31	31 749	29 154
Switzerland	1.17	28 338	26 022
Syrian Arab Republic	0.00	0	0
Thailand	0.11	2 624	2 409
Trinidad and Tobago	0.00	0	0
Tunisia	0.00	0	0
Uganda	0.00	0	0
Ukrainian SSR	1.35	32 798	30 118
USSR	10.82	262 124	240 704
United Arab Emirates	0.21	4 985	4 578
United Kingdom	5.26	127 520	117 099
United States of America	25.00	605 750	556 250
Venezuela	0.62	14 956	13 734
Zambia	0.00	0	0
EEC	2.50	60 575	55 625
TOTAL	100.00	2 423 000	2 225 000

* Calculated on the basis of the United Nations scale of assessments, as agreed by the First Meeting of the Parties.

Annex VII

RESOLUTION BY THE GOVERNMENTS AND THE EUROPEAN COMMUNITIES
REPRESENTED AT THE SECOND MEETING OF THE
PARTIES TO THE MONTREAL PROTOCOL

The Governments and the European Communities represented at the Second Meeting of the Parties to the Montreal Protocol

Resolve:

I. Other halons not listed in Annex A, Group II, of the Montreal Protocol ("Other halons")

1. To refrain from authorizing or to prohibit production and consumption of fully halogenated compounds containing one, two or three carbon atoms and at least one atom each of bromine and fluorine,* and not listed in Group II of Annex A of the Montreal Protocol (hereafter called "other halons"), which are of such a chemical nature or such a quantity that they would pose a threat to the ozone layer;
2. To refrain from using other halons except for those essential applications where other more environmentally suitable alternative substances or technologies are not yet available; and
3. To report to the Secretariat to the Protocol estimates of their annual production and consumption of such other halons;

II. Transitional substances

1. To apply the following guidelines to facilitate the adoption of transitional substances with a low ozone-depleting potential, such as hydrochlorofluorocarbons (HCFCs), where necessary, and their timely substitution by non-ozone depleting and more environmentally suitable alternative substances or technologies:
 - (a) Use of transitional substances should be limited to those applications where other more environmentally suitable alternative substances or technologies are not available;
 - (b) Use of transitional substances should not be outside the areas of application currently met by the controlled and transitional substances, except in rare cases for the protection of human life or human health;
 - (c) Transitional substances should be selected in a manner that minimizes ozone depletion, in addition to meeting other environmental, safety and economic considerations;

* (Reference is made to the list of other halons that will appear in the Montreal Protocol Handbook to be prepared by the Executive Director.)

(d) Emission control systems, recovery and recycling should, to the degree possible, be employed in order to minimize emissions to the atmosphere;

(e) Transitional substances should, to the degree possible, be collected and prudently destroyed at the end of their final use;

2. To review regularly the use of transitional substances, their contribution to ozone depletion and global warming, and the availability of alternative products and application technologies, with a view to their replacement by non-ozone depleting and more environmentally suitable alternatives and as the scientific evidence requires: at present, this should be no later than 2040 and, if possible, no later than 2020;

III. 1,1,1-trichloroethane (methyl chloroform)

1. To phase out production and consumption of methyl chloroform as soon as possible;

2. To request the Technology Review Panel to investigate the earliest technically feasible dates for reductions and total phase-out; and

3. To request the Technology Review Panel to report their findings to the preparatory meeting of the Parties with a view to the consideration by the Meeting of the Parties, not later than 1992;

IV. More stringent measures

1. To express appreciation to those Parties that have already taken measures more stringent and broader in scope than those required by the Protocol;

2. To urge adoption, in accordance with the spirit of paragraph 11 of Article 2 of the Protocol, of such measures in order to protect the ozone layer.