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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Sixty-third Meeting
Montreal, 4-8 April 2011

REPORT OF THE PRODUCTION SECTOR SUB-GROUP

1. The Production Sector Sub-group was reconvened at the 63rd Meeting of the Executive Committee. The Sub-group consisted of Argentina, Australia, China, Cuba, Japan, Kuwait, Switzerland, and the United States of America. Representatives from UNIDO and the World Bank were also present as observers.

Agenda item 1: Selection of convenor

2. The Sub-group selected Australia as convenor.

Agenda item 2: Adoption of the agenda

3. The Sub-group adopted the draft agenda proposed by the Secretariat. A copy of the agenda is found in Annex I.

Agenda item 3: Organization of work

4. The Meeting agreed to address the agenda as presented.

Agenda item 4: Status report on the technical audit of the HCFC production sector in China

5. The Secretariat presented a Status report on the technical audit of the HCFC production sector in China by first introducing document UNEP/OzL.Pro/ExCom/63/SGP/2. He indicated that bids had been received and were under technical review by the Secretariat. He also indicated that the financial part of the bids would be evaluated by UNON following the completion of the technical evaluation. Recommendation b of document requested Members to opine whether a representative sample of plants should be audited or if a complete technical audit would be preferable in view of the potential need to address all plants producing for non-feedstock uses during stage I of China's HCFC production sector plan, whilst bearing in mind that there may be possible ramifications to the timeframe for completing the technical audit. A staged approach was suggested whereby priority would be given to completing HCFC-141b plant technical audit and a sample of HCFC-22 plants first, but that the audits should result in a comprehensive technical audit of all HCFC producing plants in its final report.

6. With respect to timing, China indicated that it would be willing to facilitate the completion of the HCFC production sector technical audit as soon as possible because the completion of the sector plan for the HCFC production sector is dependent upon the completion of the technical audits first. In this respect, the Secretariat indicated that it would suggest that the contractor complete as many technical audits as possible and include an interim report in the work plan. The interim report would be submitted for consideration of the Executive Committee at its 65th Meeting with the final report anticipated for the 66th Meeting.

7. It was emphasized that the staged approach and delivery of HCFC-141b production plant technical audits before the comprehensive technical audit should not have an impact on which HCFC producing plants should be addressed first in terms of phase-out.

Agenda item 5: Work to-date on remaining elements of a final decision with respect to the HCFC production sector

8. Due to time limitations, this agenda item was not addressed.

Agenda item 6: Other matters

9. There were no issues addressed under this agenda item.

Recommendations

10. In light of the discussion above, the Production Sector Sub-group recommends that the Executive Committee:

- (a) Note the Status report on the bidding process for the technical audit of the HCFC production sector in China; and
- (b) Request the Secretariat to investigate the possibility of the contractor for the technical audits in China submitting an interim report including audits of HCFC-141b producing plants, and to the extent possible HCFC-22 producing plants, and a final report of a comprehensive audit of all HCFC producing plants without prejudice to which HCFC producing plants would be addressed first for phase-out.

Annex I

AGENDA

1. Selection of convenor.
2. Adoption of the agenda.
3. Organization of work.
4. Status report on the technical audit of the HCFC Production Sector in China, document UNEP/OzL.Pro/ExCom/63/SGP/2.
5. Work to-date on remaining elements of a final decision with respect to the HCFC production sector, document UNEP/OzL.Pro/ExCom/63/SGP/3.
6. Other matters.
7. Adoption of the report.
8. Closure.
