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EXECUTIVE COMMITTEE OF  
THE MULTILATERAL FUND FOR THE  
IMPLEMENTATION OF THE MONTREAL PROTOCOL  
Thirtieth Meeting  
Montreal, 29-31 March 2000

**THE EXECUTIVE COMMITTEE'S SUBGROUP ON THE PRODUCTION SECTOR**

## **NOTE FROM THE SECRETARIAT ON THE PRODUCTION SECTOR**

1. The purpose of this note is twofold. First, it requests the Executive Committee to consider the need to re-constitute the Subgroup on the Production Sector and, to decide on its membership for the year 2000. Second, with this note is the request submitted by the Government of Argentina for proceeding with the technical audit of its CFC producing plants.

### The Subgroup on the Production Sector

2. The Subgroup on the Production Sector was first constituted by the Executive Committee at its 19<sup>th</sup> Meeting in May 1996, with the mandate to assist the Committee in dealing with the ODS phaseout in the Production Sector. Its membership has been re-constituted each time a new Executive Committee is selected. The composition of the Subgroup for the year 1999 was: Brazil, Canada, China, India, Italy and the USA. Canada was the Facilitator of the group.

### The Request of the Government of Argentina for Conducting the Technical Audit

3. In accordance with decision 19/36, each ODS producing country is requested to submit preliminary data on its Production Sector and a draft sector phaseout plan to the Secretariat when it is ready to proceed with the phaseout of the production of ODSs. Simultaneously, the Secretariat should conduct an independent technical audit of the ODS producing plants in the country concerned. The technical audit will be conducted according to Terms of Reference adopted by the Executive Committee.

4. Accordingly, the Government of Argentina has submitted both the preliminary data on its Production Sector and a draft sector phaseout plan. With the submission, Argentina requested a technical audit be conducted in as expedient a manner as possible.

5. It has to be pointed out, however, that in the preliminary data submitted by Argentina, there is a discrepancy with regard to the 1995 data where the reported production level of the company FIASA, the only remaining producer is twice the level of the national production level for the year: 2,800 MT against 1,400 MT. This does not seem likely considering the definition of production used under the Montreal Protocol:

“Production means the amount of controlled substances produced minus the amount destroyed by technologies to be approved by the Parties.”

6. After this was communicated to the government by the Secretariat, the Government of Argentina made an effort to reconcile the data but could not resolve the difference.

7. That notwithstanding, the Secretariat believes that the Government of Argentina has satisfied the conditions included in Decision 19/36 and request the Subgroup to authorize the Secretariat to proceed with the technical audit of the production facilities in Argentina, as per the request of the Government and Decision 19/36. The cost of the technical audit will be charged to

the allocation approved by the Executive Committee for technical audits at its 25<sup>th</sup> Meeting in 1998.

8. The preliminary data on the Production Sector and the draft sector phaseout plan from Argentina are attached.

## PRELIMINARY DATA ON THE PRODUCTION SECTOR

### 1. List of plants in the country

Name	Location	Product List	Nominal Capacity	Date of Construction	Name of Proprietors
F.I.A.S.A.	VILLA MERCEDES (San Luis)	CFC-11 and CFC-12	5000	1987	F.I.A.S.A.

### 2. Effective production of ODS substances country-wide (Reported by Argentina to the Secretariat of the Multilateral Fund for the Implementation of the Montreal Protocol)

Tonnes/year						
	CFC-11	CFC-12	CFC-113	Others*	Halon 1211	Halon 1301
1993	722	814	N/A			
1994	540	720				
1995	600	800				
1996	1050	1450				
1997	1350	1850				
1998	1015	1939				
1999						

### 3. Effective production of ODS substances by FRIO INDUSTRIAS ARGENTINAS S.A. (Provided by FRIO INDUSTRIA on 19 May 1999). Revised as per the communication of the Argentina Government of October 27, 1999.

Tonnes/year						
	CFC-11	CFC-12	CFC-113	Others*	Halon 1211	Halon 1301
1993	689	723				
1994	540	720				
1995	1324	1458				
1996	1025	1436				
1997	1175	1616				
1998	1015	1939				

\* To be specified.

## 3.1 Industry turn over in % of GNP in % of chemical industries

NOT AVAILABLE

## 3.2 Quantities of exported CFCs by FIASA (optional)

Tonnes/year						
	CFC-11	CFC-12	CFC-113	Others*	Halon 1211	Halon 1301
1993	-----	6				
1994	2	21				
1995	431	168				
1996	345	761				
1997	549	1047				
1998	425	1336				

## 4. Total employees in the CFC industry

a) in the production sector (direct labour + overheads + maintenance)

b) in the packaging sectors

## 4.1 Total employees per CFC plant (one table per plant) FRIO INDUSTRIAS ARGENTINAS S.A.

Number of employees in the plant FIASA					
	Direct labour	Overhead	Labs	Maintenance	Packaging
1993	6	11	2	3	2
1994	6	11	2	3	2
1995	6	10	2	3	2
1996	8	10	2	3	2
1997	8	10	2	3	2
1998	15	3	1	2	1
1999 (April)	15	4	1	3	1

**FORM FOR THE SECTOR PHASE-OUT PLAN**

## 1. Strategy for phase-out

## a) Time schedule for the phase-out

Name of the plant	Proposed date of shut down	Name & quantities of CFC
F.I.A.S.A.	Refer to the note attached	Refer to the note attached

## b) Proposal of an action plan for phase out regarding sites

TO SUCCEED IN A CONVERSION THAT WILL MAINTAIN THE PRODUCTION ACTIVITY TO COMPLY WITH DECREE No. 22021.

## c) Strategy and action plan regarding manpower

THE STAFF WOULD BE MAINTAINED IN ITS ENTIRETY.

## 2. Strategy for production of new substitutes

Substitutes with zero ozone depletion potential: HFCs (including HFC-134a), Hydrocarbons, etc. Technology and time schedule (2000/2020)					
Location of the plant	Proposed date of start up	Name and quantities of substitutes	Status of technology	Status of the plant*	Availability of raw materials
VILLA MERCEDES	30/06/2000	134a: 1000 tonnes/year	New. To be acquired.		

\* New equipment of revamping of the existing plant.

IT IS NOT CONTEMPLATED IN THE PROPOSAL

Transitional substances (including HCFC-22, 123a, 141b, 142b, etc.) Technology and time schedule (2000/2020)					
Location of the plant	Proposed date of start up	Name and quantities of substitutes	Status of technology	Status of the plant*	Availability of raw materials

\* New equipment or revamping of the existing plant

## 3. General Comments

## ADDITIONAL NOTE

FORM FOR THE SECTOR PHASE-OUT PLAN

NAME	GRADUAL PHASE-OUT OF PRODUCTION	NAME AND	QUANTITY OF CFC
F.I.A.S.A.	1999	CFC	2,750 MT/year
	2000	CFC	2,520 MT/year
	2001	CFC	2,290 MT/year
	2002	CFC	2,060 MT/year
	2003	CFC	1,830 MT/year
	2004	CFC	1,600 MT/year
	2005	CFC	1,370 MT/year
	2006	CFC	1,096 MT/year
	2007	CFC	822 MT/year
	2008	CFC	548 MT/year
	2009	CFC	274 MT/year
	2010	CFC	000 MT/year

The production of the plant in 1998 was 2,962 MT  
 2,962 MT x US \$3,000 – The MT = US \$8,886,000.

The other alternative would be eliminating the production of CFCs on 30 June 2000; this would represent higher cost for operating the plant with a non-CFC related production during 2001 and 2002 (in compliance with Decree 22021) which would not be cost-effective.

Therefore, the compensation cost would be US \$10,000,000.