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برنامج
الأمم المتحدة
للبيئة

اللجنة التنفيذية للصندوق المتعدد الأطراف
لتنفيذ بروتوكول مونتريال
الاجتماع السابع و الثلاثون
مونتريال، 17-19 تموز / يوليو 2002

مقترحات مشروعات : الهند

تتكون هذه الوثيقة من تعليقات وتوصيات أمانة الصندوق حول مقترحات المشروعات التالية :

الرغاوى

برنامج الأمم المتحدة الإنمائي

خطة إزالة القطاعية لإلغاء CFC في قطاع الرغاوى

عامل التجهيز

البنك العالمي

خطة قطاعية لإزالة استهلاك CTC في قطاع المطاط الكلور

الهند

القطاع : رغاوى استعمال ODS في القطاع (2000) : 2,391 طن ODP

عتبات جدوى التكاليف في القطاع الفرعي : أديم مندمج 16.80 دولار أمريكي/كغ

جاسئ 7.83 دولار أمريكي/كغ

عناوين المشروع :

(أ) خطة الإزالة القطاعية لإلغاء مادة CFC من قطاع الرغاوى

قطاعات فرعية متعددة	بيانات المشروع
639.00	استهلاك المنشأة (طن معامل استنفاد الأوزون)
611.00	وقع المشروع (طن معامل استنفاد الأوزون)
48	مدة المشروع (شهور)
8,473,050	المبلغ المطلوب أصلاً (دولار أمريكي)
	التكلفة النهائية للمشروع (دولار أمريكي)
5,825,000	تكلفة رأسمالية إضافية (أ)
582.500	تكلفة طوارئ (ب)
2,065,550	تكلفة التشغيل الإضافية (ج)
8,473,050	مجموع تكاليف المشروع (أ + ب + ج)
100%	الملكية المحلية %
0%	عنصر الصادرات %
8,473,050	المبلغ المطلوب (دولار أمريكي)
13,87	جدوى التكاليف (دولار أمريكي/كغ)
	هل تأيد تمويل الجهة النظرية؟
وزارة البيئة والغابات	الوكالة الوطنية المنسقة
برنامج الأمم المتحدة الإنمائي	الوكالة المنفذة

	توصيات الأمانة
	<p>المبلغ الموصى به (دولار أمريكي)</p> <p>وقع المشروع (طن معامل استنفاد الأوزون)</p> <p>جدوى التكاليف (دولار أمريكي/كغ)</p> <p>تكاليف مساعدة الوكالة المنفذة (دولار أمريكي)</p>
	<p>مجموع التكلفة للصندوق المتعدد الأطراف (دولار أمريكي)</p>

وصف المشروع

خلفية القطاع

- آخر رقم متوافر عن مجموع استهلاك المواد لمستفدة للأوزون 18,760.46 طن معامل استنفاد الأوزون
- استهلاك خط الأساس من مواد المجموعة الأولى من المرفق (أ) (CFC) 6,681.00 طن معامل استنفاد الأوزون
- استهلاك مواد المجموعة الأولى من المرفق (أ) للعام 2000 5,614.34 طن معامل استنفاد الأوزون
- استهلاك خط الأساس من مواد CFC في قطاع الرغاوى 2,391.00 طن معامل استنفاد الأوزون
- استهلاك مواد CFC في قطاع الرغاوى في عام 2000 2,898.00 طن معامل استنفاد الأوزون
- المبالغ المعتمدة للمشروعات الاستثمارية في قطاع الرغاوى في نهاية آذار/مارس عام 2002
- كمية مواد CFC المصادق عليها للمشروعات الاستثمارية في قطاع الرغاوى في نهاية حزيران/يونيو من عام 2002 4,400.90 طن معامل استنفاد الأوزون
- كمية CFC التي أزيلت من المشروعات الاستثمارية المصادق عليها في قطاع الرغاوى في نهاية حزيران / يونيو 2002 3,665.40 طن معامل استنفاد الأوزون
- كمية مواد CDC في المشروعات الاستثمارية المصادق عليها في قطاع الرغاوى ، والتي لم تتجز بعد في نهاية حزيران/يونيو 2002 736.30 طن معامل استنفاد الأوزون
- كمية مواد CFC التي ستتم إزالتها في المشروعات المرفوعة إلى الاجتماع السابع والثلاثين 611.00 طن معامل استنفاد الأوزون

1. في حزيران/يونيو 2002 ، تمت المصادقة على 155 مشروعاً للهند (باستثناء أربعة مشروعات ملغاة) ، قيمتها 31,858,131 دولار أمريكي ، لإزالة 4,401 طن ODP من مواد CFC. وهذه المشروعات هي بنوع خاص للمؤسسات التي تنتج رغاوى بوليوريتان ذات أديم مندمج وجائسة مصبوبة . وهناك خمسة مشروعات فقط حصلت على مصادقة لإزالة مواد CFC في القطاعات الفرعية الأخرى – أحدها في القطاع الفرعي للرغاوى الفينولية . وأربعة في القطاع الفرعي للبولياتيلين المسحوب بالضغط والبوليبستيرين . وتمت المصادقة أيضا على خمسة أنشطة لإنتاج البوليول ودائرة المناهج ، بما مجموعه 1.52 مليون دولار ، لمساعدة برنامج الإزالة للهند . كما أن اثنين من دوائر المناهج لديها مشروعات تمت المصادقة عليها كعناصر لمشروعات مظلية لمؤسسات صغيرة ومتوسطة الحجم.

2. أظهر تحليل برنامج الأمم المتحدة الإنمائي لقطاع استهلاك مواد CFC مجموع استهلاك قدره 639 طن ODP من CFC-11 ، ما زال في القطاع ، منه 612 طن ODP استهلكته 99 مؤسسة يعتبر مؤهلا للتمويل . وهناك 27 طن ODP استهلكتها 27 مؤسسة صغيرة ومتوسطة الحجم تعتبر غير مؤهلة للتمويل .

خطة إزالة قطاعية لإلغاء مواد CFC من قطاع الرغاوى في الهند

3. قدم برنامج الأمم المتحدة الإنمائي من قبل حكومة الهند خطة قطاعية لإزالة ما تبقى من مواد CFC مؤهلة للتمويل في قطاع الرغاوى . وأهداف الخطة هي على النحو التالي :

- (أ) لتحقيق إزالة كاملة لمواد CFC في قطاع الرغاوى في الهند، في غضون أربع سنوات ؛
- (ب) لتمكين الهند من الوفاء بالتزاماتها لتخفيضات المواد المستفدة للأوزون المزالة بمقتضى جدول الإشراف الزمني الخاص ببروتوكول مونتريال ؛
- (ج) تأمين إزالة لمواد CFC في الوقت المناسب ، تكون قابلة للاستمرار ومجدية التكاليف ، من خلال إنشاء وتنفيذ دمج عناصر استثمارية ودعم تقني ، وإدارية .

4. مطلوب مبلغ إجمالي قدره 8,473,050 دولار أمريكي لإزالة 611.8 طن معامل استنفاد الأوزون من مادة CFC-11 مع رواسب معامل استنفاد الأوزون قدرها 24.01 كنتيجة لاستعمال HCFC-141b ، نتج عنها جدوى تكاليف تراكمية تبلغ 14.42 دولار أمريكي /كغ وهذا المبلغ مكون مما يلي :

دولار أمريكي

(متضمنة 10 بالمئة طوارئ)

6,592,050	عنصر CFC من مشروع الإزالة
891,000	عنصر دائرة المناهج
440,000	دعم فني
550,000	عنصر إدارة
<hr/>	
8,473,050	المجموع

تحديد المؤسسات المؤهلة

5. استعمل برنامج الأمم المتحدة الإنمائي موارد من المبالغ التي صادق له عليها الاجتماع الثالث عشر في تموز/ يوليو 1994 لتحضير استراتيجية وخطة عمل لإزالة المواد المستفدة للأوزون في قطاع الرغاوى في الهند ، ونشر ، بمشاركة وزارة البيئة والغابات ، إعلانات عامة وفي الصحف لتحديد مستعملي مواد CFC الباقين في القطاع . وقد أجريت دراسات وورشات عمل في القطاع نتجت عنها مشروعات قدم بعضها ليحصل على تمويل . ويمكن الحصول عند الطلب على تقارير الوضع المتعلقة بالدراسة .

6. إن هذه الخطة القطاعية هي حصيلة تفاعلات متواصلة يشارك فيها موردو مراحل بداية خط الإنتاج والدوائر الحكومية وصانعو الرغاوى وخبراء برنامج الأمم المتحدة الإنمائي ، المحليون منهم والدوليون . وقد تم تنظيم ورشتي عمل للتحديد والدعم الفني ، كوسيلة لتعزيز وسائل تحديد المؤسسات المستعملة لمواد CFC . وقد أفيد أن مستشاري برنامج الأمم المتحدة الإنمائي ، المحليون والدوليون ، قاموا بزكياارة أكثر من خمسة وتسعين بالمئة من هذه المؤسسات . كما جرى تحديد العلاقة بين الأرقام التي تم الحصول عليها من الموزعين والتجار وموردي مراحل بداية خط الإنتاج الكيميائية إلى الحد المتوافر . ويتوقع برنامج الأمم المتحدة الإنمائي أن يكون مجال الخطأ في الدراسة أقل من % 5 . كما أن 132 مؤسسة تستهلك الأوزون 638.8 طن معاملاً باستنفاد الأوزون من CFC-11 ، ومنها 99 مؤسسة منتجة للرغاوى تستهلك 611 طن معاملاً باستنفاد الأوزون و 6 دوائر مناهج ، قد تم تحديدها على أنها مؤهلة للتمويل . وموجز المؤسسات المؤهلة في كل قطاع فرعي مدرج في الجدول 1 أدناه . وهناك لائحة بسائر المؤسسات المؤهلة مرفقة بهذه الوثيقة .

الجدول 1 : استهلاك CFC المتبقي والمؤهل في قطاع الرغاوى في الهند

القطاع الفرعي	عدد المؤسسات المؤهلة الباقية	كمية استهلاك CFC عام 2001 (طن متري)
رغاوى جاسئة (عزل عام)	5	56.7
رغاوى جاسئة (منتج عازل للحرارة)	12	116.5
رغاوى جاسئة (عزل رش / الموقع الأصلي)	14	114.2
رغاوى جاسئة (مؤسسات صغيرة ومتوسطة الحجم) *	40*	94.1
رغاوى مرنة مصبوبة وذات أديم مندمج	28	230.3
المجموع	99	611.8

* مؤسسات استهلاكها لمواد CFC هو أقل من 5 طن سنوياً

خط أساس المؤسسات

7. إن المؤسسات الخمس التي تنتج علبا وأنابيب وصفائح وألواح معزولة ، والمؤسسات الـ 12 التي تنتج منتجات أوعية عازلة للحرارة ، تستعمل كلها أوعية توزيع منخفضة الضغط . وسائر منتجي رغاوى الرش ، باستثناء 1 ، يستعملون آلات رغاوى رش مرتفعة الضغط ، من نوع Polycraft أو Gusmer . إلا أن منتجي المؤسسات الصغرى والمتوسطة الأربعة ، يستخدمون عمليات مزج يدوية . والمنتجون الـ 28 للرغاوى المصبوبة يستخدمون أوعية توزيع منخفضة الضغط باستثناء مؤسستين تستعملان أوعية توزيع مرتفعة الضغط .

8. إن طريقة الإزالة مرتكزة على افتراض أن :

- أربعة وخمسين بالمئة من مؤسسات الرغاوى في الهند ، التي حصلت على مصادقة على مشاريعها الاستثمارية ، هي جزء من مشروعات ست مجموعات ، بما فيها أربعة مشروعات لمؤسسات صغيرة ومتوسطة الحجم ، تشير إلى قابلية هذه الطريقة للحياة ؛
- سائر المؤسسات التي تشملها هذه المشروعات هي بصورة أساسية صغيرة أو متوسطة الحجم ، لديها مستويات إفرادية للاستهلاك في خط الأساس أقل من 20 طنا سنويا ، ولمعظمها أقل من 5 أطنان سنويا .

9. مع الاستنتاج بأن طريقة المجموعة برهنت أنها فاعلة من حيث تغطية المؤسسات وجدوى التكاليف وإزالة مواد CFC ، فإن طريقة المجموعة هذه المرتكزة على احتساب كل مشروع على حدة ، قد اعتمدت كمنهجية لإزالة ما تبقى من الاستهلاك القابل للتمويل في قطاع الرغاوى .

اختيار التكنولوجيا

10. تم اختيار تكنولوجيا HCFC-141b على أنها أكثر التكنولوجيات ملائمة لكافة مشروعات الرغاوى الجاسئة وذات الأديم المندمج في إطار الخطة ، فيما سيجري استعمال تكنولوجيا النفخ الكامل بالماء في مشروعات الرغاوى المرنة المصبوبة . وهذا يشمل استبدال أوعية توزيع الرغاوى ذات الضغط المنخفض ، وكذلك عمليات المزج اليدوية بأوعية توزيع مرتفعة الضغط لمنتجات الرغاوى الجاسئة ، وإعادة تهيئة أوعية التوزيع الموجودة لمنتجات الرغاوى المرشوشة والرغاوى المصبوبة .

احتساب تكاليف المشروع

11. اعتمادا على الطريقة المختارية وخيار التكنولوجيا ، جرى احتساب التكاليف الرأسمالية الإضافية لكل من المؤسسات منفردة ، بالاعتماد على عناصر الكلفة القياسية ، أي :

وعاء توزيع جديد مرتفع الضغط	20,000 – 80,000 دولار أمريكي
تكاليف إعادة تهيئة	1,500 – 7,500 دولار أمريكي
تجارب	2,500 – 10,000 دولار أمريكي
تدريب	2,500 – 10,000 دولار أمريكي
دعم فني	5,000 – 10,000 دولار أمريكي

12. لقد جرى أيضا احتساب التكاليف التشغيلية الإضافية لكل مجموعة مشروعات مرتكزة على أسعار النظام الكيميائي في المشروعات الهندية المصادق عليها ، وباستعمال معدل سعر الوحدة التشغيلي الماضي لكل قطاع فرعي . وقد أسفرت هذه الحسابات عن المبالغ التالية :

الجدول 2 : التكاليف المحتسبة لمشروعات إزالة مواد CFC ، المرتكزة على الافتراضات الواردة في خطة الإزالة

القطاع الفرعي	عدد المؤسسات	استهلاك CFC في خط الأساس	وقع المشروع (بالأطنان)	تكاليف رأسمالية إضافية (دولار أمريكي)	تكاليف تشغيلية إضافية (دولار أمريكي)	تكاليف رأسمالية إضافية + 10% طوارئ (دولار أمريكي)	تكلفة المشروع الإجمالية (دولار أمريكي)	جدوى كلفة المشروع (دولار أمريكي)	عتبة جدوى التكاليف
رغاوى جاسئة (عزل عام)	5	56.70	53.30	525,000	91,174	577,500	586,674	11.00	7.83
رغاوى جاسئة (مؤسسات صغيرة ومتوسطة الحجم)	40	94.10	87.33	1,200,000	157,712	1,320,000	1,477,712	16.92	7.83
رغاوى جاسئة (رش في الموقع الأساسي)	14	114.20	107.35	385,000	331,294	423,500	754,794	7.03	7.83
رغاوى جاسئة (وعاء عازل للحرارة)	12	116.50	109.51	840,000	203,060	924,000	1,127,060	10.29	7.83
رغاوى مرنة وذات أديم مندمج	28	230.30	230.30	1,120,000	1,282,310	1,232,000	2,515,310	10.91	16.83
المجموع	99	611.80	587.79	4,070,000	2,065,550	4,477,000	6,461,550		

عناصر أخرى للمنحة المطلوبة

13. إضافة إلى كلفة مشروعات إزالة مواد CFC ، طلبت مبالغ لست عمليات دائرة مناهج ، كلفة كل من العمليات 135,000 دولار أمريكي ، وكلفة دعم فني وإداري مجموعها 990,000 دولار أمريكي متضمنة % 10 للطوارئ . وتفاصيل التكاليف الإضافية هي على النحو التالي :

بالدولار الأمريكي

منضمنا % 10 للطوارئ

تمويل لست دوائر مناهج ، كلفة كل منها 135,000 دولار أمريكي 891,000
تكاليف دعم فني :

وضع معايير للإنتاج والجودة لسائر منتجات الرغاوى وتطبيقاتها 110,000
تفاعلات صناعية للمستعملين للدعم التكنولوجي للتطبيقات من خلال

220,000	ورشات عمل واجتماعات
110,000	برنامج تدريب وتصديق وترخيص لفنيي الرغاوى
	تكاليف إدارية :
110,000	إنشاء وتشغيل وحدة إدارية
110,000	أنشطة خلق توعية ونشر معلومات
110,000	تدقيق وتصديق
55,000	تقارير
<u>165,000</u>	آلية للرصد
1,881,000	المجموع

موجز

14. يعرض الجدول أدناه موجزا لكلفة الخطة ، متضمنا المبالغ المطلوبة لدوائر المناهج وتكاليف الدعم الفني والإداري ، بالاعتماد على حسابات الأمانة الواردة أعلاه .

دولار أمريكي

6,461,550	تكاليف مشروعات إزالة مواد CFC
891,000	المبلغ المطلوب لدائرة المناهج
440,000	المبلغ المطلوب للدعم الفني
<u>550,000</u>	المبلغ المطلوب للدعم الإداري
8,342,550	المجموع
587.79	الوقع التراكمي للمشروع
14.19	جدوى الكلفة التراكمية

النتفيذ

15. لقد تم اقتراح الجدول الزمني التالي للأداء والصرف ، بالنسبة لتنفيذ الخطة .

الجدول 3 : جدول زمني للأداء والصرف

يبلغ مجموع تمويل المنحة المطلوبة 8,473,050 دولار أمريكي

السنة	هدف الإزالة (أطنان متريّة)			السنف (دولار أمريكي)
	من مشروعات جارية مصادق عليها	من خطة الإزالة القطاعية	المجموع	
2002	221	0	221	2,000,000
2003	497	0	497	2,500,000
2004	298	210	508	2,100,000
2005	0	301	301	1,500,000
2006	0	128	128	373,050
المجموع	1,016	639	1,655	8,473,050

16. تدل الخطة على وقوع الأحداث التالية :

- إن أول صرف قدره 900,000 دولار أمريكي ، يغطي عناصر الدعم الإداري والفني ، يستحق لدى الموافقة على الخطة (افتراضاً مع حلول تموز / يوليو 2002) .
- إن موعد استحقاق تقديم تقرير الأداء السنوي لكل سنة ، في الفصل الأول من السنة التالية .
- يجري الصرف مسبقاً لكل سنة ، ويستحق في الفصل الأول لدى تسلّم وقبول تقرير الأداء المرحلي السنوي للسنة الفائتة وخطة التنفيذ للسنة الراهنة .

التبرير لاستخدام مادة HCFC-141b

17. أشار برنامج الأمم المتحدة الإنمائي إلى أن خبراءه أفادوا المؤسسات المشاركة المرشحة للتلقي في القطاع الفرعي لرغاوى بوليوريتان الجاسئة ، وأجروا مناقشات مفصلة مع موظفي هذه المؤسسات الفنيين والإداريين حول اختيار التكنولوجيا التي ستحل مكان التكنولوجيا الحالية العاملة بواسطة مواد CFC ، في إطار المشروع . تم إطلاع المؤسسات بالتفصيل عما يلي :

1. التكنولوجيات المتوافرة البديلة ، المؤقتة منها (صفر معامل استنفاد الأوزون) والدائمة .

2. الوقع الفني – الاقتصادي لكل تكنولوجيا على المنتجات المصنوعة ، والعمليات والممارسات التي تستخدمها هذه المنتجات .
3. التدخل المحتمل لكل تكنولوجيا ، بمعنى وقعها على البيئة ، والصحة والسلامة ، كالطاقة على استنفاد الأوزون ، وطاقة احتباس الحرارة ، والصحة في العمل ، ومكافحة الحرائق والانفجارات .
4. لقد أفيدت هذه المؤسسات بوضوح عن أن تكنولوجيايات مواد HCFC هي مؤقتة بطبيعتها ، نظرا لرواسب معامل استنفاد الأوزون فيها ، وبالتالي فإنها قد تستمر في التأثير سلبيا على البيئة ، حتى ولو كان هذا التأثير أقل نسبة من تأثير مواد CFC .
5. وقد أفيد أيضا أن استعمال مواد HCFC قد يصبح محصورا بموجب المعاهدات الدولية الحالية والمستقبلية ، وأن الضرورة قد تقضي بإزالتها في المستقبل ، وأن أي استثمارات مطلوبة لإزالتها وللتحول إلى تكنولوجيايات مأمونة أكثر منها ، قد يكون على عاتق المؤسسات .

18. أفاد برنامج الأمم المتحدة أيضا أن المؤسسات اختارت التكنولوجيا المعتمدة على HCFC-141b ، بعدما حققت في الصعوبات التجارية والأمنية والتشغيلية وفي تكاليف التكنولوجيا المعتمدة على الهيدروكربون وعلى الماء . وقد مكنتها مادة HCFC-141b من تحقيق إزالة أسرع ، مع الاحتفاظ بالطاقة التنافسية لمنتجاتها والممتلكات بمستوى معقول . وقد تبين أنه لا يمكن تناول المقرر 56/36 (ج) في نطاق خطة هذا القطاع .

19. صادقت حكومة الهند على استعمال المؤسسات مادة HCFC-141b .

تعليقات الأمانة وتوصياتها

التعليقات

20. نظرا لكون الهند قد اختارت أن تحدد التكلفة المؤهلة للخطة ، مرتكزة على طريقة كل مشروع على حدة ، بدلا في أي استراتيجية متميزة ، حيث يقود ، مثلا ، مزيج من الأدوات التنظيمية وغيرها والأنشطة الاستثمارية إلى ترشيد التكلفة ، أبلغت الأمانة برنامج الأمم المتحدة الإنمائي أنه سيعاد النظر في الخطة على أساس كل مشروع على حدة ، بالتوافق مع أنظمة الصندوق المتعدد الأطراف . وعليه، فقد تمت مراجعة الخطة مقابل خلفية مشروعات الرغاوى المصادق عليها للهند ، وكذلك تقارير الإنجاز التي أرسلتها الوكالات المنفذة عن مشروعات الرغاوى التي تم إنجازها في الهند .

21. أفاد تحليل الأمانة للمبالغ المطلوبة بالنسبة لمشروعات الرغاوى المصادق عليها للهند ، أن قيم جدوى التكاليف للقطاعات الفرعية ضمن الخطة ، هي أعلى بكثير من عتبات جدوى التكاليف ، أو معدل جدوى التكاليف المرجح في مشروعات مماثلة مصادق عليها للهند في تلك القطاعات الفرعية . والجدول أدناه يورد مقارنة بين معدل جدوى التكاليف المرجح وجدوى تكاليف المبالغ المطلوبة في نطاق الخطة .

القطاع الفرعي	معدل جدوى التكاليف المرجح في المشروعات المصادق عليها للهند	جدوى التكاليف في خطة قطاع الرغاوى في الهند
	دولار أمريكي/كغ	دولار أمريكي/كغ
رغاوى جاسئة (باستثناء المؤسسات الصغيرة والمتوسطة)	6.22	10.09
رغاوى جاسئة (مشروعات رش / في الموضع الأصلي ، مظلية)	4.76	7.03
رغاوى جاسئة (مؤسسات صغيرة ومتوسطة)	6.01	16.92
رغاوى ذات أديم مندمج	9.16	10.91

22. استنادا إلى تحليل التقارير المتوافرة بالنسبة لإنجاز مشروعات الرغاوى القطاعية ، تمت الموافقة على أسعار آلات توزيع الرغاوى كما هو مبين في الخطة القطاعية لمشروعات الرغاوى الجاسئة ، واستعملت في حساب الأمانة للتكاليف الإضافية المؤهلة للمصادقة على الأساس نفسه تم تحديد كلفة التجارب بـ 3,000 دولار أمريكي – 8,000 دولار أمريكي ، فيما تبلغ كلفة تجارب الدعم الفني 2,000 دولار أمريكي – 4,000 دولار أمريكي . وأظهرت تقارير إنجاز المشروعات أنه لم تكن هنالك على العموم تكاليف للتدريب . وقد أقيمت حسابات الأمانة على كافة العوامل والافتراضات التي استخدمها برنامج الأمم المتحدة الإنمائي لاحتساب التكاليف التشغيلية الإضافية .

23. إن حساب الأمانة للكلفة الإضافية المؤهلة لمشروعات إزالة مواد CFC للمؤسسات الـ 99 في الخطة المرئزة على الاعتبارات الأنفة أسفرت عن مجموع قدره 4,753,577 دولار أمريكي مع جدوى كلفة إجمالية قدرها 8.09 /كغ دولار أمريكي. وجاءت التجزئة على النحو التالي:

عناصر المشروع	عدد المؤسسات	استهلاك CFC طن معامل استنفاد الأوزون	الوقع طن معامل استنفاد الأوزون	منحة المشروع دولار أمريكي	جدوى الكلفة التراكمية دولار أمريكي/كغ
رغاوى جاسنة					
عزل تام	5	56.70	53.3	417,323	7.83
عزل بالأوعية العازلة الحرارية	12	116.50	109.51	853,106	7.79
رش / في الموضع الأساسي	14	114.20	107.35	600,799	5.60
مؤسسات صغيرة ومتوسطة	40	92.90	87.33	683,739	7.83
مجموع جزئي رغاوى جاسنة	71	380.30	357.49	2,554,967	7.15
رغاوى ذات أديم مندمج / مرنة ومصبوبة	28	230.30	230.30	2,198,610	9.55
المجموع	99	610.60	587.99	4,753,577	8.09

عناصر كلفة أخرى

دائرة المناهج

24. تمت المصادقة على مشروعات لخمس دوائر مناهج لدعم إزالة مواد CFC للهند. وكانت المصادقة على اثنتين في هذه المشروعات على أنهما من عناصر مشروعات المؤسسات الصغيرة والمتوسطة لتوفير أنظمة ودعم فني للمؤسسات للزبائن المحددة في مراحل نهاية خط الإنتاج، الخاصة بها، بهدف التعجيل في إزالة ما لديها من مواد CFC. وأنشطة دوائر الأنظمة بحد ذاتها لا تسفر عن استهلاك المواد المستنفدة للأوزون أو أي إزالة. وهي ليست كذلك أنشطة إنتاج بديلة مؤهلة للتمويل بموجب البروتوكول. لذلك فإن مشروعات دوائر المناهج بحد ذاتها لن تكون مؤهلة للتمويل إلا إذا كانت مثل هذه المشروعات معتمدة كأداة لتنفيذ مشروع، ووسيلة لتعزيز جدوى كلفة المشاريع لمنتجي الرغاوى في مراحل نهاية خط الإنتاج، وكذلك معدل كلفتها لإزالة مواد CFC. وقد كانت هذه حالة مشروعات دوائر المناهج المصادق عليها في بلدان كالبرازيل وكولومبيا والهند والمكسيك. ولم يرد في الوثيقة أي دليل على أن هذه الحالة تنطبق أيضا على المشروعات الستة لدوائر المناهج المقترحة في خطة التمويل، بكلفة إجمالية قدرها 891,000 دولار أمريكي.

الدعم الفني والتكاليف الإدارية

25. لاحظت الأمانة أن بعضاً من بنود الكلفة كوضع معايير الإنتاج والجودة ، لا تكون مؤهلة للتمويل ، أو أن منهجية التنفيذ لكل مشروع على حدة قد تأتي بدرجة ما من الحساب المزدوج في تمويل بعض هذه التكاليف الثانوية . رغم ذلك اقترح اعتبار مبلغ 150,000 دولار أمريكي لمساندة وحدة الأوزون الوطنية في مجال رصد البرنامج .

خاتمة

26. وعلى أساس ما ورد آنفاً فقد أوصي بمبلغ 4,903,577 دولار أمريكي ، بما فيه 150,000 دولار أمريكي لوحدة الأوزون الوطنية لأنشطة الرصد ، لينظر فيه برنامج الأمم المتحدة الإنمائي مع حكومة الهند ككلفة إضافية مؤهلة للتمويل في خطة القطاع . وحتى تاريخ هذه الوثيقة لم تكن الأمانة قد تلقت بعد استجابة من برنامج الأمم المتحدة الإنمائي .

توصيات

27. معلقة.

INDIA – FOAM SECTOR: LIST OF REMAINING ELIGIBLE ENTERPRISES**Table A.1: Rigid foam (general insulation) sub-sector**

No	Enterprise name	Location	Year established	Products	CFC Consumption (MT)	Baseline equipment
1	Aakriti Ice Box Co.	Delhi	1989	Insulated boxes	12.1	1 LPD – Local
2	HR Innovations	Mumbai	1991	Insulated doors	9.7	1 LPD – Polycraft
3	Kakar Trading Co.	Delhi	1987	Slabs, pipe/sect	11.0	1 LPD – Local
4	Patton Tanks	Calcutta	1982	Insulated tanks	7.8	1 LPD – Klowpur
5	Suchi Foams	Ahmedabad	1994	Panels	16.1	1 LPD – Klowpur
TOTAL					56.7	5 LPDs

Table A.2: Rigid foam (thermoware insulation) sub-sector

No	Enterprise name	Location	Year established	Products	CFC Consumption (MT)	Baseline equipment
1	Aakar Industries	Noida	1991	Thermoware	11.3	1 LPD – Local
2	Anmol Plast	Delhi	1991	Thermoware	10.6	1 LPD – Local
3	Atul Marketing	Delhi	1992	Thermoware	6.5	1 LPD - Local
4	Balaji Plastics	Delhi	1987	Thermoware	8.0	1 LPD – Local
5	CL Plastics	Delhi	1988	Thermoware	11.0	1 LPD – Local
6	Indus Plast	Sahranpur	1990	Thermoware	9.8	1 LPD – Local
7	Jupiter Engineering	Vapi	1991	Thermoware	9.5	1 LPD - Cannon
8	Mukesh Plastic Engineering	Delhi	1984	Thermoware	8.5	1 LPD – Local
9	Neelam Plastic Industries	Mumbai	1973	Thermoware	9.6	1 LPD – Local
10	Payal Products	Delhi	1987	Thermoware	9.2	1 LPD – Local
11	Pradeep Polymers	Delhi	1993	Thermoware	10.7	1 LPD – Local
12	Thermoplast Industries	Mumbai	1995	Thermoware	11.8	1 LPD - Local
TOTAL					116.5	12 LPDs

Table A.3: Rigid foam (spray/insitu insulation) sub-sector

No	Enterprise name	Location	Year established	Products	CFC Consumption (MT)	Baseline equipment
1	Alpha Insulation	Ahmedabad	1991	Spray/Insitu	6.5	1 HPD – Polycraf
2	Amijit Enterprises	Mumbai	1994	Spray/Insitu	5.8	1 HPD – Polycraft
3	Bright Insulations	Delhi	1979	Spray/Insitu	7.6	1 HPD – Polycraft
4	Enecon Engineers	Mumbai	1987	Spray/Insitu	7.5	1 HPD – Polycraft
5	Insulations India	Vapi	1988	Spray/Insitu	9.5	1 HPD – Gusmer
6	Insultech Enterprises	Yamunangr	1989	Spray/Insitu	6.5	1 HPD – Polycraft
7	Jaya Enterprises	Mumbai	1995	Spray/Insitu	8.4	1 HPD – Gusmer
8	Kwality Insulations	Delhi	1990	Spray/Insitu	8.5	1 HPD – Polycraft
9	Narmada Insulations	Delhi	1993	Spray/Insitu	10.5	1 HPD – Polycraft
10	Om Insulations	Mumbai	1995	Spray/Insitu	8.0	1 HPD – Gusmer
11	Pravin Enterprises	Vadodara	1991	Spray/Insitu	8.5	1 HPD – Polycraft
12	Professional Insulations	Gurgaon	1990	Spray/Insitu	10.8	3 HPD – Gusmer
13	SD Polyurethane Enterp	Ghaziabad	1987	Spray/Insitu	6.6	1 HPD - Polycraft
14	Witco	Vadodara	1993	Spray/Insitu	9.5	1 LPD – Klowpur
TOTAL					114.2	15 HPDs, 1 LPD

Table A.4: Rigid foam (SMEs) sub-sector

No	Enterprise name	Location	Year established	Products	CFC Consumption (MT)	Baseline equipment
1	Advance FRP	Mumbai	1983	RPUF General	2.5	Hand mixing
2	AG Insulators	Noida	1994	RPUF General	2.1	Hand mixing
3	Arci Engineers	Mumbai	1985	RPUF General	2.4	Hand mixing
4	Babylon Plast	Mumbai	1995	Thermoware	2.4	Hand mixing
5	Beegee Enterprises	Dadanagar	1993	Thermoware	1.9	Hand mixing
6	Bhagwati Plastics	Delhi	1993	Thermoware	2.3	Hand mixing
7	Bharat Traders	Mumbai	1992	RPUF General	2.5	Hand mixing
8	Bhoopty Associates	Chennai	1986	RPUF General	2.5	Hand mixing
9	Chemisol Industries	Vapi	1991	RPUF General	2.0	Hand mixing
10	Citizen Industries	Ahmedabad	1991	Thermoware	2.2	Hand mixing
11	Craftway Engineers	Mumbai	1990	Thermoware	2.4	Hand mixing
12	Eaphael Industries	Delhi	1981	Thermoware	2.6	Hand mixing
13	Emcee	Ludhiana	1981	RPUF General	2.0	Hand mixing
14	Ethos Systems	Ahmedabad	1995	RPUF General	2.2	Hand mixing
15	Gautam Industries	Delhi	1991	Thermoware	2.0	Hand mixing
16	Gem Ply Systems	Mumbai	1993	RPUF General	2.9	Hand mixing
17	HPN Industries	Bangalore	1991	RPUF General	2.0	Hand mixing
18	Jain Plast	Mumbai	1994	Thermoware	2.4	Hand mixing
19	Jay Vee Cee Corporation	Mumbai	1995	RPUF General	2.5	Hand mixing
20	Jonex Rubber Industries	Jalandhar	1989	RPUF General	2.0	Hand mixing
21	Malabar Thermoware	Bangalore	1994	Thermoware	3.0	Hand mixing
22	Mayur Extrusions	Sarigam	1992	Thermoware	3.0	Hand mixing
23	Modern Flask	Mumbai	1990	Thermoware	2.4	Hand mixing
24	Nissan Doors	Mumbai	1985	RPUF General	2.2	Hand mixing
25	Palmline Plastics	Mumbai	1994	Thermoware	2.5	Hand mixing
26	Pawan Procast	Mumbai	1995	RPUF General	1.8	Hand mixing
27	Polyfoam Industries	Mumbai	1995	RPUF General	1.8	Hand mixing
28	Ram Enterprises	Bangalore	1994	RPUF General	2.2	Hand mixing
29	Reliance Engineers	Mumbai	1987	RPUF General	2.4	Hand mixing
30	Sanjay Metals	Mumbai	1994	Thermoware	2.2	Hand mixing
31	Sharda Construction	Mumbai	1994	RPUF General	2.5	Hand mixing
32	Sharp Industries	Mumbai	1989	RPUF General	2.5	Hand mixing
33	Sheth Fabricators	Mumbai	1992	RPUF General	2.8	Hand mixing
34	Shreya Insulations	Bilimora	1990	RPUF General	2.7	Hand mixing
35	SM Polymers	Faridabad	1994	RPUF General	2.0	Hand mixing
36	Spark Allied Industries	Bangalore	1992	RPUF General	2.2	Hand mixing
37	SS Enterprises	Mumbai	1995	Thermoware	1.7	Hand mixing
38	Sri Venkateshwara Ind	Bangalore	1995	RPUF General	2.0	Hand mixing
39	Toshbro Industries	Daman	1994	RPUF General	2.7	Hand mixing
40	Tristar	Mumbai	1994	RPUF General	2.5	Hand mixing
TOTAL					94.1	No Foam Dispensers

Table A.5: Flexible Molded/Integral Skin foam sub-sector

No	Enterprise name		Year established	Products	CFC Consumption (MT)	Baseline equipment
1	ABH Industries	Valsad	1994	FMF	4.5	1 LPD – Local
2	APL Corporation	Chennai	1994	FMF/ISF	7.5	2 LPD – Cannon/SAIP
3	AS Polymers	Ambala	1994	FMF	6.0	1 LPD – Local
4	Bhutani Industries	Gurgaon	1994	FMF	10.5	1 LPD – Cannon
5	Crypton Industries	Calcutta	1991	FMF/ISF	7.5	1 HPD – Hennecke
6	Durotex Polymers	Coimbatore	1993	FMF	4.8	1 LPD – Local
7	Foam India	Tiruchirapali	1994	FMF	9.5	1 LPD – Local
8	Foam Products	Bangalore	1984	FMF	5.4	1 LPD – Local
9	Gopsy Rubber Industries	Mumbai	1990	FMF	4.8	1 LPD – Local
10	Indrayani Udyog	Nagpur	1994	FMF	12.5	1 LPD – Local
11	Jindal Petrofoams	Ambala	1994	FMF	4.5	1 LPD – Local
12	Joginder Singh	Ludhiana	1965	FMF	6.0	1 LPD – Local
13	Koyas Polymers	Coimbatore	1971	FMF	11.0	1 LPD – Elastogran
14	Kvik Thermofoam	Mumbai	1990	FMF	8.3	1 LPD – Local
15	Lux Autofoam	Coimbatore	1994	FMF	6.6	1 LPD – Local
16	National Polymers	Mumbai	1992	FMF	4.0	1 LPD – Local
17	Omega Lining	Coimbatore	1992	FMF	13.5	1 LPD – Local
18	Poly Crafts	Delhi	1987	FMF	10.4	1 LPD – Hennecke
19	Premier Industries	Medak	1995	FMF	14.1	1 LPD/Local, 1 HPD Henn
20	Pyarelal Foams	Meerut	1994	FMF	12.0	1 LPD – Local
21	Sigma Industries	Delhi	1993	FMF/ISF	13.6	1 LPD – KWI
22	Siddhi Vinayak Polymers	Jalandhar	1994	FMF	12.4	2 LPD – OMS/Indipuf
23	Sunpreet Engineers	Chennai	1995	FMF	4.8	1 LPD – Local
24	Surbhi Polymers	Delhi	1993	FMF	9.7	1 LPD – Local
25	Transval Manufacturing	Chennai	1994	FMF	4.8	1 LPD – Local
26	Urethane Specialties	Hyderabad	1993	FMF	9.0	1 LPD – OMS
27	Vam Polyplast	Hyderabad	1989	FMF	8.0	1 LPD – Graco
28	Vicktra Polyfoams	Chennai	1995	FMF	4.6	1 LPD – Local
TOTAL					230.3	28 LPDs, 2 HPDs

- NOTES:**
1. All enterprises mentioned as established in 1995 in Tables 2.1 to 2.5, commenced operations prior to July 1995.
 2. It has been ensured that there has been no double counting of enterprises.

Table A.6: Summary

Sub-sector	Number of Enterprises	CFC Consumption (MT)
Rigid foam (general insulation)	5	56.7
Rigid foam (thermofoam)	12	116.5
Rigid foam (spray/insitu)	14	114.2
Rigid foam (SMEs)	40	94.1
Flexible molded & integral skin foam	28	230.3
TOTAL	99	611.8

GOVERNMENT NOTE OF TRANSMITTAL OF INVESTMENT PROJECTS TO THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

PROJECT OF THE GOVERNMENT OF INDIA

The Government of India requests UNDP to submit the Sectoral Phase-out Plan for elimination of CFCs in the Foam Sector in India to the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol for consideration at its 37th Meeting. (project copy is enclosed)

Section I: ODS Consumption Data

1. The ODS consumption figure of the project has been validated by the National Ozone Unit (NOU).
2. The consumption data have been retained in the records of the NOU for reference and/or future verification.
3. The Government has been advised by the NOU that the agreement to the project indicates a commitment to ensure that the validated phase-out figure was realized and yielded a sustained reduction from the 2000 consumption of 2898 ODS metric tonnes for the foam sector.

Table 1: Project Submitted to the 37th Meeting of the Executive Committee

No.	Name of Recipient Enterprise	Sector/Sub-Sector	ODS phaseout (ODP-MT)	Grant Requested (US\$)	Implementing Agency
1.	Sectoral Phase-out Plan for elimination of CFCs in the Foam Sector in India with an indicative list of industries. Remaining industries will be added to the list after the last date of registration of enterprises using ODS i.e. 19 th July 2002.	Foam Sector	611	8,473,050	UNDP

Section II: Other Relevant Actions Arising from Decision 33/2

4. It is understood that, in accordance with the relevant guidelines, the funding received for a project would be partly or fully returned to the Multilateral Fund in cases where technology was changed during implementation of the project without informing the Fund Secretariat and without approval by the Executive Committee;
5. The National Ozone Unit undertakes to monitor closely, in cooperation with customs authorities and the environmental protection authorities, the importation and use of CFC and to combine this monitoring with occasional unscheduled visits to importers and recipient manufacturing companies to check invoices and storage areas for unauthorized use of CFC.

6. The National Ozone Unit will cooperate with the relevant implementing agencies to conduct safety inspections where applicable and keep reports on incidences of fires resulting from conversion projects.

Section III: Projects Requiring the Use of HCFCs for Conversion

7. In line with Decision 27/13 of the Executive Committee and in recognition of Article 2F of the Montreal Protocol, the Government
- (a) has reviewed the specific situations involved with the project *(as per the indicative list of enterprises and additional enterprises which will be added after 19th July 2002)* as well as its HCFC commitments under Article 2F; and
 - (b) has nonetheless determined that, at the present time, the projects needed to use HCFCs for an interim period with the understanding that no funding would be available for the future conversion from HCFCs for the company/companies involved.

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Date: 24th April, 2002

ورقة تقييم المشروع

الهند

القطاع : عامل التجهيز استعمال ODS المواد المستنفدة للأوزون في القطاع (2000) : 4,067 طن معامل استنفاد الأوزون

عتبات جدوى الكلفة : غير وارد

عناوين المشروع :

(أ) خطة قطاعية لإزالة استهلاك CTC في القطاع الفرعي للمطاط المكلور

تحويل العملية	بيانات المشروع
	استهلاك المنشأة (طن معامل استنفاد الأوزون)
382.00	وقع المشروع (طن معامل استنفاد الأوزون)
36	مدة المشروع (شهور)
18,066,845	المبلغ المطلوب أصلاً (دولار أمريكي)
	التكلفة النهائية للمشروع (دولار أمريكي)
	تكلفة رأسمالية إضافية (أ)
	تكلفة طوارئ (ب)
	تكلفة التشغيل الإضافية (ج)
22,533,153	مجموع تكاليف المشروع (أ + ب + ج)
100%	الملكية المحلية %
30.4%	عنصر الصادرات %
18,066,845	المبلغ المطلوب (دولار أمريكي)
47.30	جدوى التكاليف (دولار أمريكي/كغ)
	هل تأيد تمويل الجهة النظرية؟
وزارة البيئة والغابات	الوكالة الوطنية المنسقة
البنك العالمي	الوكالة المنفذة

	توصيات الأمانة
	<p>المبلغ الموصى به (دولار أمريكي)</p> <p>وقع المشروع (طن معاملة استنفاد الأوزون)</p> <p>جدوى التكاليف (دولار أمريكي/كغ)</p> <p>تكاليف مساعدة الوكالة المنفذة (دولار أمريكي)</p>
	مجموع التكلفة للصندوق المتعدد الأطراف (دولار أمريكي)

وصف المشروع

خطة قطاعية لإزالة استهلاك CTC من القطاع الفرعي للمطاط المكلور

الهدف

28. نيابة عن حكومة الهند قدم البنك العالمي إلى الاجتماع السابع والثلاثين خطة مقترحة للقطاع الفرعي لإنجاز إزالة CTC المستعملة كعامل تجهيز في صناعة المطاط المكلور في الهند .

29. أفاد البنك العالمي أن هدف خطة القطاع الفرعي هو الإزالة الكاملة لاستهلاك CTC المتبقي وقدره تقريبا 382 طن معاملة استنفاد الأوزون ، وتحاشي 2,878 طن ODP من استهلاك CTC المصمم ، في صناعة المطاط المكلور في الهند .

30. تقترح الخطة تحول عمليات في مصنعين (RRIL) Rishirop Rubber International Limited و Rishirop Polymers Limited (RPL) وإفقال مصنعين أصغر منهما . وقد اقترح مجموع تكاليف إضافية للتحول والإفقال قدره 19,942,183 ، بجذوى تكاليف 52.20 دولار أمريكي / كغ . أما إزالة 249 طن معاملة استنفاد الأوزون من مادة CTC في المصنع الخامس لصناعة المطاط المكلور في الهند ، Rishirop Organics Limited (ROL) ، فقد عولجت من خلال مشروع صادق عليه الاجتماع الرابع والثلاثون .

31. ثمة نسخة عن الاقتراح الكامل مرفقة بهذه الوثيقة (المرفق 1) .

المكونات والتنفيذ

32. للخطة مكونان ، إفقال مصانع وتحول مصانع كما هو مبين أعلاه . وسيتم تنفيذ المكونين في حدود نهاية 2004 لإنجاز الإزالة . وخطة القطاع الفرعي لا تتضمن أي مساعدة فنية إضافية أو أي أنشطة إدارية. ويشار إلى أن خطة القطاع الفرعي ستنفذ على يد منتجي المطاط المكلور في الهند .

تكلفة إضافية

33. يعرض الاقتراح حساب تكاليف لأربعة خيارات : إفقال المصنع ، تحول المصنع ، الحد من الاتبعاتات وترشيد صناعي . والخيار الأخير ، الذي يدمج إفقال مصنعين وتحول مصنعين بطاقة إنشائية كاملة ، قد تبين بأنه أكثر التكاليف جدوى من خلال الحسابات .

34. جرى طلب تكاليف إضافية قدرها 2,909,947 دولار أمريكي لإفقال مصنعين طاقتهما الإجمالية في الاقتراح 450 طن سنويا ، وإنتاج حالي لـ 71 طن سنويا . ومبالغ التكاليف المطلوبة مرتكزة على الأرباح المفقودة والتعويض عن اليد العاملة. وقد استخدم حساب الأرباح المفقودة خط أساس للإنتاج في فترة

1995 – 1997 ، ونمو غير محدود حتى عام 2010 (12 بالمئة) ، وثلاثة بالمئة تضخم مالي ، وحسم بنسبة سبعة بالمئة على مجرى الأرباح .

35. جرى طلب تكاليف إضافية قدرها 18,260,359 دولار أمريكي لتحويل المصنعين بطاقة إنتاج إجمالية لـ 5050 طن ، وإنتاج حالي لـ 507 طن سنويا . وهذه التكاليف هي قبل التخصيص للصادرات ، الذي يطبق على خطة القطاع الفرعي الشاملة .

36. تتضمن الخطة اقتراحات مشروعات فرعية منفصلة للتحويل في مصنعي RRIL و RPL . واقتراحات مرتكزة على استبدال معظم معدات التجهيز والبنى التحتية بكلفة رأسمالية قدرها 15,496,083 دولار أمريكي لـ RRIL و 2,612,447 لـ RPL . والتكاليف التشغيلية الإضافية تتعلق بكاملها بـ RRIL لأن RPL لم يعد ينتج منذ 1995 .

37. طالبت حكومة الهند بمرونة كاملة بالنسبة لكيفية استعمال وصرف المبالغ المطلوبة ، على أن تتم إزالة استهلاك مادة CTC في القطاع الفرعي ، كما هو مخطط لها .

تعليقات الأمانة وتوصياتها

التعليقات

38. لقد تم تخصيص مبلغ 200,000 دولار أمريكي للبنك العالمي ولمنظمة الأمم المتحدة للتنمية الصناعية في الاجتماع الثالث والثلاثين ، لتحضير خطة قطاعية لقطاع عامل التجهيز في الهند . وكان على البنك العالمي أن يساعد الهند في تنمية الخطة القطاعية الشاملة ، بما فيها القطاعات الفرعية ، بهدف أن يتمكن من رفعها إلى اللجنة التنفيذية في اجتماعها الخامس والثلاثين . وقد طلب من البنك العالمي أن يحدد الأوضاع المتعلقة بتحضير الخطة القطاعية الشاملة .

39. يتعلق الاقتراح بالإزالة في قطاع واحد من قطاعات عامل التجهيز ، وهو قطاع المطاط المكلور . ولن تكون هناك اتفاقية أداء منفذ سنويا ، غير إزالة الاستهلاك في المؤسسات الثلاث التي تستهلك حاليا مادة CTC في صناعة المطاط المكلور ، والمبالغ لن تطلب بشكل شرائح . والخطة القطاعية ليست بالتالي خطة قطاعية بالمفهوم السائد . وبما أن الاقتراح هو في الأساس مشروع تحول لمصنع إنتاج واحد فقط ، RRIL (وارد أدناه) وإقال مصنعين صغيرين ، فمفهوم المرونة قد لا يكون صالحا للتطبيق هنا . ويعتبر البنك العالمي أن كافة مواصفات الخطة القطاعية متوافرة وأنه يجب أن يحظى بالتالي بمرونة مماثلة أسوة بالخطة القطاعية الأخرى .

سوق المطاط المكلور : الفصول 1 إلى 3 من وثيقة المشروع

40. يبدو أن الهدف الأساسي لهذه الفصول هو أن الطاقة الكاملة لإنتاج المطاط المكلور في الهند ، التي تبلغ نسبة استعماله الماضية 24 بالمئة ، ونسبة استعماله الحالية 12 بالمئة ، يجب أن تكون مؤهلة للتمويل . والمطاط المكلور الذي أنتج مع استعمال مادة CTC يتضمن عادة كميات ضئيلة من مادة CTC . وتقتصر الوثيقة أن عدم قبول مستخدمي المطاط المكلور المتضمن مادة CTC هو بسبب بروتوكول مونتريال . وتقتصر أيضا أنه عندما تتم عملية تحول الإنتاج ، وعندما يصبح المطاط المكلور الخالي من مادة CTC متوافرا ، سيزيد حجم سوق هذا الإنتاج لاستيعاب طاقة الإنتاج المتوافرة مبدئيا في الهند .

41. يشرف بروتوكول مونتريال على الإنتاج والاستهلاك لا على الاستعمال المنتهي . وبالتالي فالاقتراح الأول ليس صحيحا . فقد تضاءلت سوق المطاط المكلور من خلال اعتماد تكنولوجيات بديلة تستخدم منتجات أخرى . والافتراضات بأن تضاؤل السوق هذا يمكن قلبه وأن توافر مطاط مكلور خال من مادة CTC قد يؤول إلى انبعاث تلك السوق ، تبدو وكأنها افتراضات نظرية . وأبلغت الأمانة البنك العالمي أن تخصيص موارد الصندوق المتعدد الأطراف لتحقيق هذه الاحتمالات بدا وكأنه غير مؤهل . وقدم البنك العالمي مزيدا من الحجج لدعم موقفه بأن النمو في سوق المطاط المكلور الخالي من مادة CTC محتمل ، بما في ذلك اقتراح بأن منتجا غير تابع للمادة 5 عرض توسيع طاقته .

التحول في مصنع (RPL) Rishiroop Polymers Limited

42. إن وضع هذه المؤسسة لم يتبدل منذ آذار/مارس 2000 ، حين قدم البنك العالمي اقتراحا لتحول كل من RPL و RO. وفي وقت لاحق أبلغت الأمانة بأن RPL غير مؤهلة للتمويل بسبب عدم وجود أي استهلاك خلال السنوات الثلاث السابقة . وعدل البنك العالمي المشروع الذي سيعرض على الاجتماع الرابع والثلاثين لسحب طلب التمويل لـ RPL ، باعتبار أن المؤسسة قد تعود إلى الإنتاج وتقديم مشروع في تاريخ مقبل . وكما هو مبين في الاقتراح الحالي ، فإن الاستهلاك ما زال مفقودا ، وقد أبلغت الأمانة البنك العالمي بأن تحول RPL ما زال غير مؤهل للتمويل . واقترح البنك العالمي النظر في خيار الإقفال ، إذا كان التحول غير مؤهل . ولكن الأمانة لا ترى كيف يمكن اعتبار أهلية نفقات الإقفال ، ما لم يكن هنالك أي استهلاك .

إقفال مصنعي Pauraj و Tarak

43. إن تكاليف الإقفال مؤهلة بموجب مقرر الفرعاء 14/X . والقاعدة لهذه التكاليف تحتاج إلى مراجعة دقيقة . وعلى سبيل المثال ، فإن استخدام تقييمات الإنتاج على أساس " النمو المتواصل " من قاعدة تمثل أعلى مستوى للإنتاج السنوي الذي تحقق في الهند ، يبدو غير صالح . ومستويات الإنتاج الحالي المنخفضة جدا ستعجز عن عوامل متعددة ، منها اعتماد التكنولوجيات البديلة التي أشير إليها أعلاه ، والشروط الصالحة للتطبيق في مؤسسات الإنتاج الفردية . وعلى سبيل المثال فإن الإنتاج في مصنع Pauraj يتدنى بسرعة ، ويبلغ حاليا 33 طن فقط سنويا ، فيما بقي معدل الإنتاج في Tarak 140 طن على مدى السنوات الثلاث الأخيرة . وهذا يشير إلى أن قابلية أحد المصنعين للحياة قد تكون مختلفة عن الآخر ، وفي حال كهذه فإن التعويض عن الأرباح المفقودة سوف يختلف . وعبر البنك العالمي عن استعدادة لمناقشة هذه القضايا بالتفصيل ، وتسهيل زيارات المواقع ، إذا كانت هذه الزيارات ضرورية لتحديد الشروط التي يجب أن يركز عليها حساب تعويض الإقفال .

الترشيد الصناعي

44. إن مصنعي Pauraj و Tarak سيفقلان لإحداث ترشيد صناعي . وأفادت الأمانة أنه قد لا يكون دقيقا تصوير هذا الترشيح على أنه انعكاس لإجراءات الإشراف في بروتوكول مونتريال . فهو أيضا انعكاس اقتصادي للقدرة الزائدة . وقد أفادت اللجنة التنفيذية من خلال مقررات سابقة تتعلق ببلدان أخرى لديها قدرة زائدة كالصين ، أن التكاليف الإضافية لقطاع فرعي أو لمجموعة مشروعات يجب أن تكون مرتكزة على تحول مستويات معقولة للقدرة الصناعية ، وهذا يعني على أساس التكاليف الإضافية المؤهلة لمؤسسات باقية بعد حدوث الترشيح الصناعي .

45. من هذا القبيل ، وكما ورد في الجدول 6 ، للخطة (الصفحة 13) ، فإن قدرة الإنتاج النظرية لصناعة المطاط الكلور هي ثماني مرات أكثر من مستوى الإنتاج الحالي وأربع مرات أكثر من أعلى مستوى إنتاج تحقق حتى الآن ، منذ تحقيق قدرة إنتاج 6050 طن في 1993 – 1994 . وإفقال مصنعي Pauraj و Tarak سوف يخفض القدرة الإجمالية من 6050 طن سنويا إلى 5600 طن سنويا ، أي سبع مرات ونصف أكثر من مستوى الإنتاج الحالي .

46. أبلغت الأمانة البنك العالمي بأنه لن يكون واقعا الاقتراح للجنة التنفيذية بأن يقدم الصندوق المتعدد الأطراف تعويضا لتحول هذا المستوى من الإنتاج المفرط ، على أساس تخمين نمو مستقبلي ممكن في سوق المطاط الكلور ، ناتج عن وجود نتاج خال من مادة CTC . وبهذا الاعتبار يجب أن تنظر الخطة في أحكام المقرر 59/32 (ج) التي تنص على أنه إذا جرى في وقت لاحق تقديم مشروع للتحويل لـ Rishiroop Rubber International Limited فإن أرباح الأسعار الناجمة عن الترشيد الصناعي في القطاع الفرعي يجب أن تؤخذ بالاعتبار في تحديد كلفة المشروع .

47. اعتمد البنك العالمي على المعلومات المعطاة بشأن السوق الدولية للمطاط الكلور ، وأفاد بأنه غير دقيق ، في نظره ، الاستنتاج بأن النمو المستقبلي في سوق المطاط الكلور هو استنتاج تخميني .

مشروعات التحول

48. إن التكاليف الإضافية لمشروع RRIL يجب أن تحدد بمقتضى أنظمة الصندوق المتعدد الأطراف وسياساته العامة . وهذا يعني اعتبار الترفيع التكنولوجي والصادرات إلى غير بلدان المادة 5 ، بنسبة 55.8 بالمئة . وسوف يخضع هذا أيضا لاعتبارات المشاركة في التكاليف ، لحساب القدرة الزائدة في مجمل القطاع .

49. إن المعلومات الواردة الآن في الاقتراح المتعلق بـ RRIL لا تقدم أي قاعدة لتقييم التكاليف الإضافية . وقد دعي البنك العالمي لتقديم معلومات فنية شاملة تتعلق بالمنشأة (خط الأساس) الحالية في RRIL ، مع إشارة خاصة إلى تصميم المصنع ، والحالة الراهنة للعملية وللمعدات الفرعية (مع الأخذ بالاعتبار نسبة الاستعمال المنخفضة بصورة ثابتة) ، وأجزاء المصنع التي يعترزم استبدالها ، والتي سوف يعاد استعمالها .

مناقشات لاحقة

50. بالنسبة لحساب تكاليف التحول لـ RRIL ، قال البنك العالمي ، بما أن التكنولوجيا البديلة هي عينها مستعملة في Rishiroop Organics Limited (مصادق عليها في الاجتماع الرابع والثلاثين) فقد سبق تقديم كافة المعلومات المناسبة إلى الأمانة . وعلى هذا الأساس أعلنت الأمانة البنك العالمي أنها ستتمكن من دعم اتصال باللجنة التنفيذية للموافقة على تمويل على أساس جدوى تكاليف مشروع ROL ، بعد تسوية تكاليف نقل التكنولوجيا ، التي تم تسديدها من خلال مشروع ROL . وتبلغ جدوى التكاليف المعدلة 7.38 دولار أمريكي/كغ . ويمكن تطبيق جدوى التكاليف هذه على مجموع معدل مستوى استهلاك CTC للسنوات الثلاث الأخيرة لكافة مصانع المطاط الكلور المتبقية في الهند بعد الأخذ بالحسبان الإزالة المصادق عليها لـ

ROL . وكمية هذا الاستهلاك 275.2 طن معامل استنفاد الأوزون . وسيكون المستوى الناتج للتكاليف الإضافية 2,030,976 دولار أمريكي . وأشارت الأمانة إلى أن هذه المنهجية سوف توفر تمويلاً لتلك المؤسسات التي ما زالت في طور الإنتاج ، والتي يقترح إقفالها ، بجدوى تكاليف وكأنها سوف تخضع للتحويل ، وبالتالي توفير مرونة قصوى للمؤسسات الإفرادية لتقرر الإقفال أو التحويل .

51. اعتبر البنك العالمي أن هذه المنهجية لم تجذب تكاليف مؤهلة تتعلق بإقفال المصنع ، وعكست فقط جزءاً من مجموع التكاليف الإضافية التي ستتحملها الصناعة في الهند . إضافة إلى ذلك فإنها لم تعكس قدرة الإنتاج المطلوبة لتغطية الطلب المستقبلي للمطاط الكلور الخالي من مادة CTC . وأعرب البنك العالمي عن رغبته في النظر أكثر في هذه القضية مع الأمانة لكي يضمن أن مستوى التمويل بموجب الخطة القطاعية سيمكن الصناعة الهندية من موازنة قدرة إنتاجها مع الطلب في المستقبل.

52. سيتم إبلاغ اللجنة الفرعية لاستعراض المشروعات بشأن أي تطورات لاحقة.

التوصيات

53. معلقة.

Annex I
37th MEETING OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR
THE IMPLEMENTATION OF THE MONTREAL PROTOCOL

PROJECT COVER SHEET

COUNTRY:	India	IMPLEMENTING AGENCY:	World Bank
PROJECT TITLE:	Sector Plan for Phasing Out of CTC Consumption in the Chlorinated Rubber Sub-Sector in India		
PROJECT IN CURRENT BUSINESS PLAN:	Yes		
SECTOR/SUB-SECTOR:	Solvents/Process agents		
ODS USE IN SUB-SECTOR:	Baseline (1999-2001) 524 ODP tons Current (2001) 305 ODP tons		
PROJECT IMPACT (ODS TO BE ELIMINATED):	Projected Phase out 347 MT CTC or 382 ODP MT (2001 ODP tons)		
PROJECT DURATION:	36 months		
PROJECT COSTS:	Option 4: Industrial Rationalization		
Investment Activities			
Incremental Capital Cost	US\$22,533,153		
Contingency (10%)			
Incremental Operating Cost			
Sub-total	<u>US\$22,533,153</u>		
Non-investment Activities	US\$0		
Total Project Costs	US\$22,533,153		
LOCAL OWNERSHIP:	100%		
EXPORT COMPONENT:	USD 4,466,308 (30.38% deduction to non-article (5) countries).		
REQUESTED GRANT:	US\$18,066,845		
IA SUPPORT COST:	US\$1,875,338		
TOTAL COST TO MLF:	US\$19,942,183		
COST EFFECTIVENESS:	US\$47.3 /kg ODP. US\$6.89/kg ODP based on Projected Consumption)		
PROJECT MONITORING MILESTONES INCLUDED:	Yes		
NATIONAL COORDINATING AGENCY	MoEF, National Ozone Unit		

PROJECT SUMMARY

The objective of this sub-sector plan is to completely phase out the remaining CTC consumption of about 382 ODP MT (based on 2001 consumption) and 2878 ODP MT of projected CTC consumption, in the chlorinated rubber industry in India. The phaseout plan will focus on actions to ensure sustainable phaseout of the use of CFC in the four remaining chlorinated rubber manufacturers in India. These are Rishiroop Polymers Pvt. Ltd. (RPL), Pauraj Chemicals Pvt. Ltd., Rishiroop Rubber International Ltd. (RRIL), and Tarak Chemicals Ltd.

This sub-sector plan entails conversions at RPL and RRIL, and closure of chlorinated rubber plants at Pauraj and Tarak. The total financial assistance requirement to carry out this sub-sector plan is US\$19,942,183. With the ExCom's approval on the requested provision for flexibility for India to implement this proposed sub-sector plan, this sub-sector plan will contribute to the country's ability to meet the 85% reduction target for CTC in 2005 and 100% reduction target in 2010.

Prepared by: Indian Chemical Manufacturers Association and the World Bank **Date:** March 21, 2002
Reviewed by: W. Kenyon **Date:** April 22, 2002

Sector Plan for Phasing Out of CTC Consumption in the Chlorinated Rubber Sub-Sector in India

Prepared jointly by Indian Chemical Manufacturers Association
and the World Bank

March 2002

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Chapter 1

Introduction and Objective of the Sub-Sector Plan

Introduction

India became a Party to the Vienna Convention for Protection of the Stratospheric Ozone Layer on June 19, 1991, and the Montreal Protocol on Substances that Deplete the Ozone Layer on September 17, 1992. India was categorized by the Montreal Protocol as a country operating under paragraph 1 of Article 5 as India is a developing country with a per capita consumption of Annex A, Group I chemicals of less than 0.3 kg. India, as well as other countries operating under paragraph 1 of Article 5, is eligible for financial and technical assistance including transfer of technologies from the Multilateral Fund. The Multilateral Fund is a financial mechanism, which was established by the Parties of the Montreal Protocol in 1990. The objective of this Fund is to provide technical and financial assistance to countries operating under paragraph 1 of Article 5 in order to ensure their full compliance with the control measures stipulated in this global environmental treaty.

India began to phase out consumption of ozone depleting substances (ODSs) in 1994 under its National Program for Phaseout of ODSs with the support from the Multilateral Fund. The Executive Committee of the Multilateral Fund has approved a total of 276 ODP phase-out projects for India, with a funding level of some US\$130 million. Of these, 226 are investment projects and 50 are non-investment and technical assistance activities. These 226 investment projects include one investment activity for phasing out the use of CTC in the production of chlorinated rubber at Rishirop Organic Limited (ROL).

The total Bank funding commitments to India under the Montreal Protocol now stands at over \$100 million, of which about \$60 million has been disbursed. Implementation to date has resulted in the phaseout of over 3,000 MT of annual ODS consumption in the manufacturing sector and about 4,000 MT of CFC production.

With funding already provided by the Multilateral Fund, India was able to reduce its consumption of Annex A, Group I chemicals well under the interim phaseout target stipulated in the Montreal Protocol. India is expected to maintain its consumption of these chemicals under the baseline consumption as allowed by the Protocol. With the momentum initiated by the earlier action of the Government of India, India is expected to meet its upcoming 50% consumption reduction in 2005.

For Annex B, Group II chemical or CTC, the first obligation, that requires India to reduce its consumption of CTC by 85% of its baseline consumption level (average consumption during the period from 1998 – 2000), will become effective on January 1, 2005. By January 1, 2010, India is required to completely phase out its CTC consumption, except for feedstock applications.

The baseline of CTC consumption in India is 10,460 MT. It is expected that without further phaseout activities it is likely that India will have difficulty in meeting the 85% CTC consumption reduction in 2005. Basically, India will have to reduce its current CC consumption of 11,043 MT to 1,656 Mt within a period of about two years. The major consumption/emissions of CTC are in the chlorinated sub-sector and agro-chemical sub-sector where endosulfan and dicofol production facilities are in operation.

In the pharmaceutical sub-sector, available information indicates that CTC is used mainly for production of Bromehexine Hydrochloride, Cloxacilin, Chlorophenesin, Diclofenac Sodium, Ibuprofen, Isosorbid Mononitrate, Omeprazol, and Phenyl Glycine. A large part of CTC use in this sub-sector is in the small scale sector. It is estimated that CTC consumption in the pharmaceutical sub-sector is about 15 – 20% of overall CTC consumption in the process agent sector. Table 1 shows usage and emissions of CTC in India as estimated in 1995 for that same year and projected for 2000.

Table 1: Application –wise Usage and Emissions of CTC in India (in MT)*

Product	1995 Process Inventory	1995 Emissions	2000 Projected Process Inventory	2000 Projected Emissions
Chlorinated Rubber (CR)	8,100	800	22,000	1,800
Agricultural Chemicals				
Endosulfan	14,400	590	14,715	604
Dicofol	1,200	110	2,500	250
Pharmaceuticals				
Bromehexine hydrochloride	100	10	500	50
Diclofenac sodium	100	12	160	16
Cloxacilin	100	10	130	13
Chlorophensin	200	20	200	20
Ibuprofen	850	271	1,000	320
Phenyl glycine	2,400	240	2,500	250
Isosorbid mononitrate	70	7	100	10
Omeprazol	140	14	210	21
Total	27,660	2,084	44,015	3,354

*1997 TEAP Report, Volume II, pp. 103, Table 5.4

In 1993, when the India Country Program was formulated, the main source of emission of CTC was identified to be from the production of Ibuprofen. Many of the 14 Ibuprofen producers have phased out their use of CTC and converted their processes to non-ODS solvents. As a result, CTC emissions from Ibuprofen production have dropped significantly between 1993 and 1995. However other uses of CTC for production of

chlorinated rubber, endosulfan and dicofol remained increasing sources of emissions of CTC in India during that period. It was projected by TEAP in 1995 that the CTC emissions from the chlorinated rubber sub-sector would grow from 800 MT in 1995 to 1,800 MT in 2000.

Due to the control measure stipulated in the Montreal Protocol, the industrial norm has become much more stringent against chlorinated rubber produced with and contained with CTC. This has had a direct impact on the growth of the chlorinated rubber industry in India. As a result, the actual consumption of CTC in the chlorinated rubber sub-sector in India, which is shown in Table 2, is lower than the value projected by TEAP.

Table 2: CTC Consumption in the Chlorinated Rubber Sub-Sector

Year	CTC Consumption (MT)
1995	460
1996	847
1997	878
1998	726
1999	602
2000	549

While the CTC consumption in the chlorinated rubber sub-sector in India is lower than the projected value made by the UNEP TEAP, to meet the 85% reduction target in 2005 India is still required to further reduce its CTC consumption in all applications.

To ensure its full compliance with this obligation, the Government of India would like to seek assistance from the Multilateral Fund to phase out the use of CTC in all major applications: CTC used as process agents in the pharmaceutical industry, CTC used for production of chlorinated rubber and agro-chemicals, CTC used as a solvent, and other uses.

Currently, the Government of India has assigned UNIDO to take lead in developing activities to phase out the use of CTC as process agents in the pharmaceutical companies. The World Bank is charged with responsibility to develop a strategy for phasing out the use of CTC in the production of chlorinated rubber and agro chemicals, while UNEP is developing a strategy to phase out the use of CTC as solvent cleaning agents.

As the Multilateral Fund has already approved one investment project with a total funding of \$2,074,300 to phase out the use of CTC as a process agent for the production of chlorinated rubber at ROL, 226 MT of CTC will be permanently phased out when the proposed conversion is completed. Therefore, there are only four remaining chlorinated rubber producers that need financial assistance from the Multilateral Fund.

The proposed chlorinated rubber sub-sector plan is part of the overall CTC phaseout strategy for the process agent sector of the Government of India. The proposed plan for

phasing out of CTC use as a process agent in the agro-chemical industry will be submitted separately to the ExCom at the last meeting of the ExCom in 2002.

Objectives of the India Chlorinated Rubber Sub-Sector Plan

The objective of this sub-sector plan is to completely phase out the remaining CTC consumption of about 347 MT, excluding the consumption level of ROL which will be automatically phased out by the investment project already approved by the Multilateral Fund, in the chlorinated rubber industry in India. The phaseout plan will focus on actions to ensure sustainable phaseout of the use of CTC in the four remaining chlorinated rubber manufacturers in India. These are: (1) Rishiroop Polymers Pvt. Ltd. (RPL); (2) Pauraj Chemicals Pvt. Ltd.; (3) Rishiroop Rubber International Ltd. (RRIL); and, (4) Tarak Chemicals Ltd. All enterprises are 100% locally owned.

The sub-sector plan aims to phase out 347 MT of CTC used as a process agent in the chlorinated rubber production process by 2005, with the financial support of \$18,066,845 from the Multilateral Fund. Since the proposed sector plan involves conversion at two existing plants and the average implementation time frame of investment projects is approximately 3 years, the action should, therefore, be taken by the end of 2002 or early 2003 at the latest in order to ensure that the deadline of 2005 is met.

Moreover, since this project is submitted as a sector plan, the Government of India would like to request the Executive Committee to allow the Government of India with full flexibility on how these approved funds be utilized and distributed among all the four enterprise covered by this plan, providing that CTC consumption in this sub-sector is phased out as planned.

Chapter 2

Development of Chlorinated Rubber Market And Sub-Sector Profile

Development of Chlorinated Rubber Market in India and Other Article 5 Countries

Chlorinated rubber is a resin binder used as part of the formulations of paints and coating products, ink, adhesives, primers for oil and gas pipelines, coal tar coatings, fireworks and flares, and concrete curing components. Depending on the formulations used, approximately 16 – 20% by weight of chlorinated rubber is contained in those coating products. Common use of chlorinated rubber in these products is attributed to the following physical properties: water and chemical resistant properties, fast drying, ease of application, bonding property, and fire retardant property.

Table 3: Major products containing chlorinated rubber as part of their formulations

Application	Preferred Properties
Paints <ul style="list-style-type: none"> • Paints for marine and off-shore structures; • Industrial anti-corrosive paints; • Road marking paints; • Swimming pool paints; • Container paints; • Fire retardant paints; • Anti-fungal paints. 	<ul style="list-style-type: none"> • Water and chemical resistance; • Ease of application – recoating without much surface preparation and under any weather conditions; • Chlorine compound helps prevent fouling which is important for marine and hospital applications; • Fast drying is essential for road marking paints. It also provides long-lasting coating on concrete surface. • Fire retardant is preferable for paints for sensitive facilities like nuclear power plants and hospitals.
Ink <ul style="list-style-type: none"> • Rotogravure inks; • Screen inks 	<ul style="list-style-type: none"> • Fast drying is a key parameter for high speed and security printing. Major uses are inks for newspapers, packaging materials, stamps and currency notes, and other official documents and seals.
Adhesives <ul style="list-style-type: none"> • Footwear adhesives; • Rubber to metal bonding (automobile applications – engine mounting pads); • Hot melts; • Pressure sensitive. 	<ul style="list-style-type: none"> • Bonding property is a desirable feature of chlorinated rubber particularly for bonding between rubber and metal components.
Primers and coatings for coal tar for oil &	<ul style="list-style-type: none"> • Water and chemical resistance is

gas pipelines	preferable for this type of applications.
Fireworks/Flares	<ul style="list-style-type: none"> • Fire retardant is an important feature for controlling the combustion process of these types of products.
Curing of concrete for large construction sites – dams, expressways, and etc.	<ul style="list-style-type: none"> • Coating material containing chlorinated rubber is preferable in a large construction sites. This application is normally required when water supply is scarce. This product is applied to the surface of uncured concrete in order to form a coating layer to slow down the evaporation rate of the water from the uncured concrete. This helps improve the strength of the concrete, and minimize water requirement, which is critical to construction sites in remote areas.

All the applications mentioned above are common in both developed and developing countries. Among all the above applications, paints are the largest market for chlorinated rubber. Chlorinated rubber produced in India is, therefore, being supplied to both markets in Article 2 and Article 5 countries. The demand for this product in Article 5 countries during the last decade increased at a faster rate than the demand in Article 2 countries due to a significant increase in the development activities in Article 5 countries.

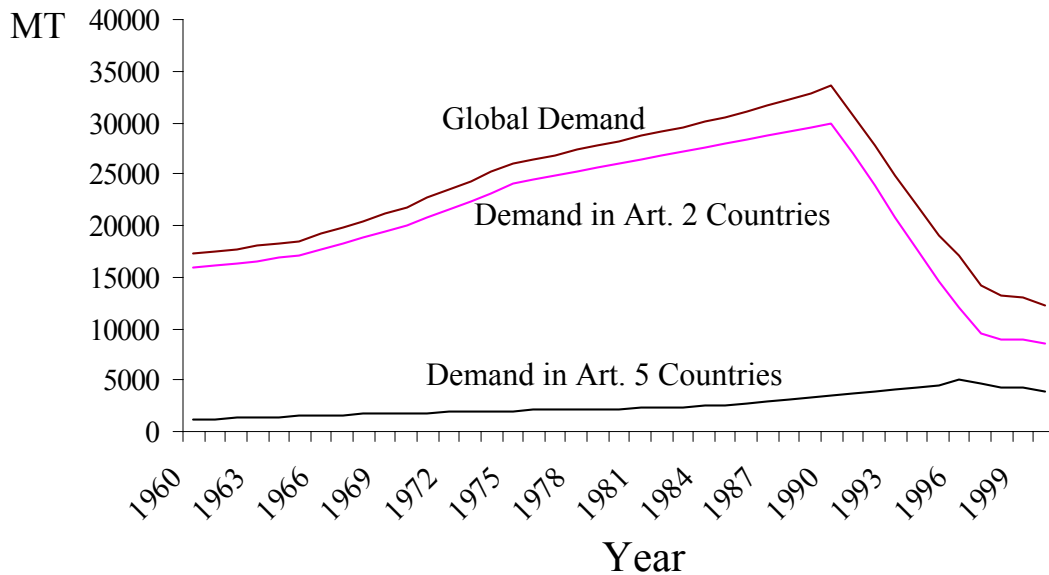


Fig. 1: Actual Global Demand of Chlorinated Rubber From 1960 – 2000.

The demand for chlorinated rubber in Article 2 countries had been increasing from about 15,000 MT in 1960 to about 30,000 MT in 1990. However, when the Montreal Protocol was established in late 1980s, the market of chlorinated rubber in Article 2 countries was seriously affected as shown by the sudden drop in demand starting from 1991 onwards. Chlorinated rubber producers in Article 2 countries that did not have technologies to reduce or replace CTC in their production process decided to shut down their operations. Because of the unavailability of CTC-free chlorinated rubber at that time, end users were compelled to change their formulations to alternatives such as polyurethane, epoxies or acrylics albeit at the cost of inferior performance in many applications.

While the total market of chlorinated rubber is expected to be more than 30,000 MT per year as applications for which chlorinated rubber is used has grown in correlation with the level of economic development, the current global capacity to supply non-CTC chlorinated rubber or chlorinated rubber with CTC content of less than 10 ppm, is less than 10,000 MT. This current capacity has only been available in mid 1990s. It has been recently reported that major producers in Article 2 countries are planning to set up a new non-CTC chlorinated rubber production facility with a capacity of at least 10,000 MT to capture the current significantly unmet demand.

The demand for chlorinated rubber in all Article 5 countries in 1970s was about 2,000 MT per annum. The demand of this product in India was projected to increase at an average rate of 18% during 1990s as reported by the TEAP 1997 Report. The conservative projection made by the coating industry indicates that the market for chlorinated rubber will grow 12% per annum or more during the next decade^{1 2}. Based on the historical data, it is expected that the demand for chlorinated rubber in Article 2 countries would continue to grow at a rate of 1.4% per annum during 2000s.

For example, the Indian Government announced in 1999 that extensive effort would be undertaken to upgrade, expand and build new expressways and highways throughout India. To meet this goal, the National Highways Authority of India (NHAI) has been charged with major responsibility together with that being taken up by the State Governments to improve and expand the road transportation system. The NHAI's plans include, among others, construction of four to six lane highways of about 14,000 km.

Development of this national infrastructure involves substantial increase in requirements of initial and annual recoating of these highways by road marking paints. The requirement of these marking paints will result in a sharp increase in demand for chlorinated rubber since chlorinated rubber is used in these products.

¹ Frost & Sullivan Analyst, *Indian Coating Markets*, September 2000.

² Frost & Sullivan Analyst, *Indian Inks Market – Part I*, October 2000.

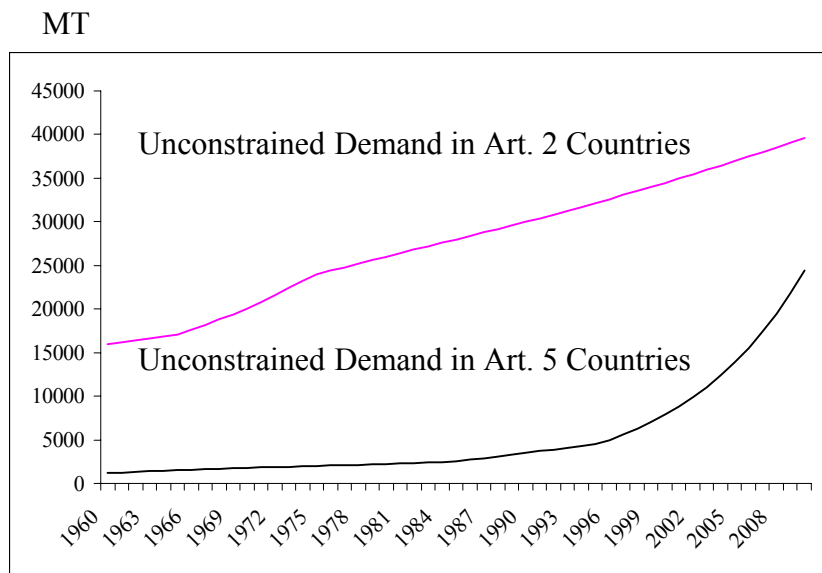


Fig. 2: Unconstrained demand of global market for chlorinated rubber.

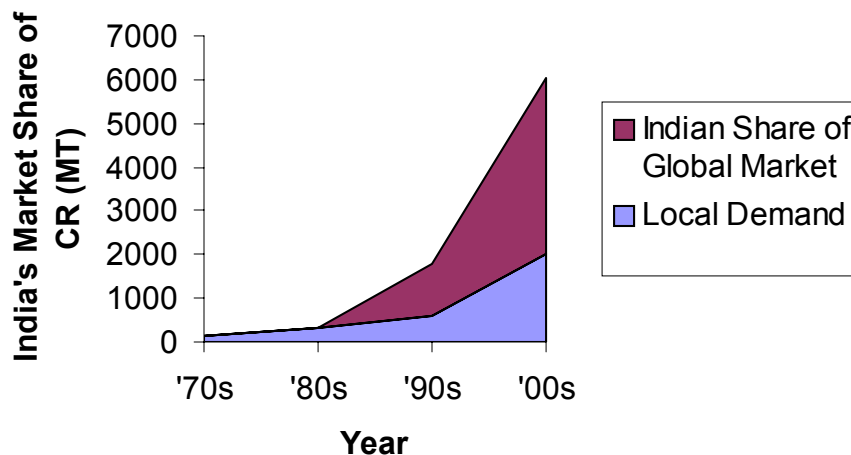


Fig. 3: Projected market share of Indian chlorinated rubber products

The total demand for chlorinated rubber in India in early 1970s was reported to be about 150 MT per year. This demand has continuously increased throughout the 1970s and 1980s. In 1996, the local demand of chlorinated rubber increased to about 600 MT. It was expected that the demand in India would continue to increase to 1,000 MT in 2000, and 2,875 MT in 2010. It was also expected that demand for this product would also increase in all other Article 5 countries. As shown in the above figure, the demand in all Article 5 countries was expected to reach the 8,000 MT level in 2000 (Fig. 2) and more than 34,000 MT in Article 2 countries. Since in early 1990s there were only a few chlorinated rubber manufacturers in Article 5 countries (two producers in India and one

in China), India, therefore, expected to capture an increasing portion of the global market share. The existing chlorinated rubber production capacity of 6,000 MT in India (Fig. 3) is only 14% of the projected demand for 2000.

Due to the Montreal Protocol, the global market outlook of chlorinated rubber containing CTC has been seriously affected. Excess production capacity for chlorinated rubber as currently experienced in India is a direct result of this phenomenon.

Sub-Sector Profile of the Indian Chlorinated Rubber Industry

There are five chlorinated rubber manufacturers in India, all of whom use CTC as a process solvent. Details of these enterprises are described below:

Table 4: Chlorinated Rubber Manufacturers in India

Serial No.	Enterprise	Start of commercial production	Installed capacity (MT/yr.)
1.	Rishiroop Polymers Pvt. Ltd. (RPL)	1973	550
2.	Pauraj Chemicals Pvt. Ltd.	1980	150
3.	Rishiroop Organics Pvt. Ltd. (ROL)	1991	550
4.	Rishiroop Rubber International Ltd. (RRIL)	1993	4500
5.	Tarak Chemicals Ltd.	1998	300

Chlorinated rubber production in India began in 1973 when Rishiroop Polymers Pvt Ltd. (RPL) installed the first production facility at Nasik. This first plant had an initial installed capacity of 150 MT per annum. The plant was de-bottlenecked in 1982 to increase production to 300 MT per annum and further expanded in 1988 to increase the installed capacity to the current level of 550 MT per annum on a three-shift basis. This expansion was required in response of the growing demand for chlorinated rubber products. The increasing demand of chlorinated rubber products had a direct correlation with the growth of economic development in developing countries.

Pauraj Chemicals set up its chlorinated rubber production facility at Tarapur in the State of Maharashtra in 1980. This second chlorinated rubber plant has a production capacity of 150 MT per annum.

Table 5: Chlorinated Rubber Production (MT) in India

<u>Financial</u> <u>Year</u> Enterprise	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
TOTAL	597	735	639	1014	1293	1392	1262	1175	987	751

In response of the continuing growth of local demand for chlorinated rubber, Rishirop Group invested in its second plant with a 550 MT capacity at Vapi in Gujarat under the name Rishirop Organics Pvt. Ltd (ROL) in 1991. By 1991, the total production capacity of chlorinated rubber in India reached the 1,250 MT level. The actual demand and production of this product during the financial year 1992 – 1993 was 735 MT, exceeding the capacity of the first two plants (RPL and Pauraj). Therefore, the decision of Rishirop Group to set up a second plant (ROL) in 1991 was timely.

In mid1980s, other developing countries also experienced a noticeable growth in the demand of chlorinated rubber as experienced in India. It was projected that the demand for this product would reach the 10,000 MT level by 2000. To respond to this increasing demand and the high rate of economic growth in developing countries in 1990s, including the local economic reform policy adopted by the Government of India, the Rishirop Group decided to set up a third plant with a capacity of 4,500 MT. This capacity would be used mainly for meeting the growing demand in developing countries. It was anticipated that by 2000 the Indian producers of chlorinated rubber would have about 40 – 60% of the market in developing countries.

Based on this projection, the Rishirop Group applied for a factory license with the Ministry of Industry on September 10, 1990. At the time the application was submitted to the Ministry of Industry, India was not a Party to the Protocol. The Ministry of Industry approved the license for this new plant in April 1991 with a condition that 25% of the total production should be allocated for the local market while the remaining could be exported. The construction was completed and the commercial scale production at Rishirop Rubber (International) Ltd. (RRIL) started in 1993. The company is owned by about 20,000 shareholders, and its shares are listed in the Bombay Stock Exchange. It was anticipated that production capacity would be fully utilized by 2000.

While it was known in late 1990 immediately after the Meeting of the Parties in London that CTC was included as one of the new controlled substances under the Montreal Protocol, at that time, however, the Government of India had not ratified the Montreal Protocol until September 1992, and at that time there was no other commercially available alternative technology for the production of chlorinated rubber. RRIL, therefore, decided to proceed with its original plan by adopting the only available CTC-based technology. Without the construction of the new RRIL plant, part of the growing demand for chlorinated rubber would have to be fulfilled by imports as the total demand in the financial years, 1995 – 1996 and 1996 – 1997, already exceeded the combined capacity (1,250 MT) of ROL, RPL and Pauraj. If there were no Montreal Protocol, the

demand would have continued to grow in accordance with the market projection made in 1980s by the Indian chlorinated rubber industry.

In 1994, the Parties decided that for 1996 CTC consumption in the process agent applications should be treated akin to feedstock³. This exemption was further extended till 1998 at the Seventh Meeting of the Parties⁴. Because of these decisions, CTC used for the process agent applications was not considered as a controlled substance during 1996 – 1998. At the Tenth Meeting of the Parties, it was decided that CTC used for chlorinated rubber applications be reclassified under process agents as a controlled substance under the Montreal Protocol (Dec. X/14). Because of the labor dispute at RPL, the increasing demand of chlorinated rubber experienced in 1995 and 1996, and the fact that during 1996 – 1998 CTC consumed in the process agent applications was not considered as a controlled substance and was not subjected to any phaseout targets by the Montreal Protocol, Tarak started up its own production facility of 300 MT capacity in October 1998.

Based on Dec. X/14, the residual emission of CTC from enterprises in Article 5 countries that started their operations before 1 January 1999 will not be counted against their national consumption or production level if they reduce the emission level down to the level agreed by the ExCom. Dec. X/14 also states that incremental costs of a range of cost-effective measures should be eligible for funding in accordance with the rules and guidelines of the ExCom. All chlorinated rubber producers in India started their operations before 1 January 1999. Therefore, all of them are eligible for funding from the Multilateral Fund, including RPL that has its idle capacity installed long before 1 January 1999, and the idle capacity can be reactivated in a short time if there were no Montreal Protocol.

With regard to Dec. 17/7 of the ExCom which states that in the light of technological advances, the ExCom will not to consider any projects to convert any ODS-based capacity installed after 25 July 1995, it is obvious that this decision is not applicable to the chlorinated rubber sub-sector as no alternative technologies for this sub-sector were available before 25 July 1995.

In fact, only in 1996 when one German chlorinated rubber producer was able to successfully modify its plant to reduce emission of CTC from its process and its chlorinated rubber products. Similarly, a Japanese enterprise, which decided to opt for a non-CTC conversion option, was only able to complete its development of its new process and have it commercialized in 1997.

³ Decision VI/10

⁴ Decision VII/10

Chapter 3

Impact of the Montreal Protocol on The Global Market of Chlorinated Rubber

Impact of the Montreal Protocol on the Global Market of Chlorinated Rubber

The TEAP 1997 report states that almost 50% of world's chlorinated rubber production capacity of some 40,000 MT/year was shut down in early 1990s in UK and USA as chlorinated rubber produced by most producers could not meet the more stringent CTC content requirement. With limited supply of low CTC content chlorinated rubber, producers of end products such as paints and inks which normally used chlorinated rubber as a main ingredient, had to change formulation of 50,000 to 100,000 MT of end products to alternative resin binders such as polyurethane, epoxies or acrylics, even if product performance has to be compromised, in order to maintain and to meet the growing demand of these end products.

Many product lines (such as marine paints) are being sold in the international market and their specification is dictated by the global standard established by parent multi-national companies or technology providers in Article 2 countries. The immediate change in the product specification made by such multi-national companies in mid 1990s in order to meet the stringent requirement on the CTC content, has caused immediate change in the specification of products manufactured in Article 5 countries. Prior to the Montreal Protocol, chlorinated rubber with 5 – 7% CTC content of more than 1.17 million tons had been produced and accepted by end users for the last 50 years. Because of the Montreal Protocol, this product is no longer acceptable.

In mid 1990s, developed countries adopted stricter norms for use of products containing CTC, restricting the market of chlorinated rubber having CTC content more than 1% due to labeling requirements of end products. Due to corporate policies of technology providers for end products in developed countries, discrimination against chlorinated rubber with a high content of CTC was also applied to manufacturers of end products in developing countries, which are the major exporting markets of the Indian chlorinated rubber manufacturers. In addition, uncertainty of the supply of CTC and chlorinated rubber has also made manufacturers in developing countries switch to alternatives.

Under these circumstances the chlorinated rubber market was seriously affected. Sales of chlorinated rubber started to decline after mid 1990s as more and more customers desiring to use chlorinated rubber with CTC content of below 1%. Since there is one company in Article 2 country producing chlorinated rubber with a CTC content of less than 10 ppm, market acceptance has then become even more stringent. The 10 ppm CTC content chlorinated rubber has become an industrial norm since 1996. Due to non-availability of technology know-how and the large investment capital required for modifying the production process, Indian producers were unable to comply with this stringent specification. This has resulted in a significant drop in the total production of

chlorinated rubber in India as shown in Table 6. As a result, a large percentage of existing installed capacity in India was unutilized.

Table 6: Actual Production of Chlorinated Rubber as Percentage of Existing Installed Capacity

Financial Year	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00'01
Installed Capacity	1250	1250	5750	5750	5750	5750	5750	6050	6050	6050
Production	597	735	639	1014	1293	1392	1262	1175	987	751
Production as % to Installed capacity	48%	59%	11%	18%	22%	24%	22%	19%	16%	12%

In addition to the reduction of CTC content in the final products, chlorinated rubber manufacturers in India will soon be subjected to additional requirements from the Government of India to reduce the consumption by 85% of the baseline consumption by 2005 and eventually phase out any CTC emissions from the process by 2010.

The production of chlorinated rubber increased from 597 MT in 1991 – 1992 to 1,392 MT in 1996 – 1997. This represented a 133% increase in five years giving an average annual growth rate of 27%. The CTC consumption also increased from 343 MT in 1991 – 1992 to 878 MT in 1996 – 1997, a 147% increase in consumption (Table 7). This represented an average annual growth rate of 29%. The increasing consumption of CTC has a direct correlation with the increasing production level of chlorinated rubber as India's industrial norm of CTC consumption per MT of chlorinated rubber is approximately 0.63 MT of CTC per MT of chlorinated rubber.

Table 7: CTC Consumption (MT)

	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
TOTAL	343	511	288	460	847	878	726	602	549	277

The chlorinated rubber production and CTC consumption in India would have continued to grow if there were no Montreal Protocol. The market pressure on chlorinated rubber containing CTC has depressed the global demand of this product. Because of the uncertainty of future supply of CTC and the more stringent requirement on the acceptable level of CTC in the final products, manufacturers of end products have converted to alternatives. While the demand for paints, inks, and those products that normally contain chlorinated rubber as part of their formulations, continues to grow as anticipated, the demand for conventional chlorinated rubber containing 3 – 7% of CTC is diminishing. Furthermore, the recent economic downturn in most developing countries has resulted in a further reduction in the demand of chlorinated rubber products. However, this factor is expected to be a short-term phenomenon.

India ratified the Montreal Protocol in 1992 and is obliged to phase out the use of CTC by 85% by 2005 and completely phase out by 2010. India's chlorinated rubber production has declined from 1,392 MT in 1996 – 1997 to 751 MT in 2000 – 2001. To preempt any further disruption in economic development in India, the Government of India would like to seek financial assistance from the Multilateral Fund to assist the Indian chlorinated rubber industry to undertake a smooth transition towards a complete phaseout of the use of CTC in the chlorinated rubber by 2005.

Chapter 4

Chlorinated Rubber Sub-Sector Strategy

The Government of India will phase out the use of CTC in the production of chlorinated rubber before 2005. The TEAP April 1997 report projected that CTC consumption in the chlorinated rubber sub-sector in India would be about 1,800 MT or 55% of the total projected quantity of CTC emissions in the process agent sector. This sub-sector strategy is part of the Government of India's overall action plan to meet its obligations under the Montreal Protocol with regard to the phaseout of Annex B, Group II chemical (CTC) – 85% reduction by 2005 and 100% reduction by 2010.

Major consumption of CTC in India is in the solvent and process agent sectors. However, the consumption of CTC in the solvent sector is scattering among a large number of small users. It is anticipated that meaningful phaseout of CTC use in the solvent sector will take a longer period to achieve. Moreover, the development of the sector strategy for the solvent sector is still being in a nascent stage. A final strategy for this sector is expected to be ready by next year at the earliest. Therefore, an accelerated phaseout schedule for the chlorinated rubber sub-sector is required in order to contribute to country's ability to meet the upcoming obligation in 2005. Since an average project implementation duration of investment projects is about 3 years, therefore, for the phaseout in this sub-sector to contribute to the national effort in meeting the 85% reduction target in 2005, implementation of CTC phaseout in the chlorinated rubber sub-sector should start, at the latest, at the end of 2002 or early 2003.

Regulatory Measures

Based on Rule 9 of the Ozone Depleting Substances (Regulation) Rules 2000, published in the Ministry of Environment and Forests' notification number S.O. 69 (E), dated January 25, 2000, no person shall establish or expand or cause to establish or expand any manufacturing facility, with a view to manufacturing products which contain, or are made with, any ozone depleting substance after July 19, 2000. In addition, all chlorinated rubber producers in India are registered with the Ozone Cell, Ministry of Environment and Forest, in accordance with Rule 13 of the Ozone Depleting Substances (Regulation and Control) Rules 2000. The registration numbers for the five enterprises eligible for funding from the Multilateral Fund are listed below:

Table 8: Registration Numbers of Chlorinated Rubber Producers

Enterprise	Registration Number
Rishirop Polymers Pvt. Ltd.	ODS/CS/17/2(23)/2001
Rishirop Rubber International Ltd	ODS/CS/17/2(22)/2001
Rishirop Organics Pvt. Ltd.	ODS/CS/17/2(21)/2001
Pauraj Chemicals Pvt. Ltd.	ODS/CS/17/2(54)/2001
Tarak Chemicals Ltd.	ODS/CS/17/2(36)/2001

The above rule will ensure that the implementation of this chlorinated rubber sub-sector plan will result in a permanent reduction of CTC from India's national aggregate consumption.

Cost Models for CTC Emission Reduction Options

The chlorinated rubber sub-sector phaseout strategy is developed on the basis of the cost-effective CTC emission abatement/phaseout measures specified by the Parties (Decision X/14). These cost-effective measures include process conversions, plant closures, emission control technologies, and industrial rationalization. Practicality of each of these options is examined under the current state of technology development and the existing technology absorption capacity within the country.

Option 1: Process conversions

It is important to note that the actual cost of conversion of chlorinated rubber plants could vary significantly depending on the conditions of the existing baseline equipment and the baseline process employed. Moreover, alternative technologies for chlorinated rubber have only recently emerged. There are only two known sources of alternative technologies. Due to the lack of experience with regard to these new technologies, it is extremely difficult to estimate on what the actual cost for conversion at each enterprise would be. Depending on which types of technologies and/or technology providers the enterprises will have an access to conversions may involve modifications of existing plants or rebuild the whole new plants, and additional costs will be required for technology licenses and fees. Moreover, not all existing plants will be able to access to the new non-CTC technologies. However, for the purpose for the development of cost-benefit analyses for all options recommended by the Parties of the Montreal Protocol, an estimate is made on the basis of the funding level approved by the Multilateral Fund for the ROL project (the only chlorinated rubber project that has been approved by the Multilateral Fund to date). Therefore, this estimate should be considered as indicative only.

Table 9: Indicative Cost of Option 1 – Conversion at the four enterprises

	Installed Capacity (MT of CR)	Average CTC Consumption per year (MT/year)	Incremental Capital Cost (\$)	Incremental Operating Cost (\$)	Sub-Total (\$)
Total	5,500	475.66	20,287,230	230,901	20,518,131

The cost of conversion of the 5,500 MT installed capacity to non-CTC alternative technology is approximately \$20.52 million assuming that alternative technology is available to all enterprises. With the overall export component to Article 2 countries of 30.38%, as shown in Annex II, the eligible cost of conversion of the whole chlorinated

rubber sub-sector, after deduction of export component (30.38% minus 10%) becomes \$16,336,536.

It is important to note that the actual cost of conversion, particularly for smaller factories, may likely be more expensive as unit cost of smaller plant capacity is normally higher. Depending on the existing process and plant design, some plants may require complete replacement of all existing equipment. Furthermore, the cost estimate provided in this document is based on a similar technology to be employed by ROL. If the cost calculation is based on available technology in Article 2 countries, the final cost estimate could have been higher by 200 – 300%. This statement is made on the basis of the following information:

Solvent Exchange Process (Emission Abatement)⁵: A German enterprise has adopted a two-stage procedure to reduce the emissions from its process and to eliminate the CTC contained as impurity in its chlorinated rubber products. It was reported that:

- (a) The German enterprise spent about \$25 million to reduce the emissions in its 7,000 TPA capacity plant from a level about 430 MT in 1989 to a level of about 0.3 MT in 1996. It took 7 years of intensive efforts to bring the emissions down to this level;
- (b) In addition, this enterprise has spent about \$40 million to modify its plant to reduce the impurity of CTC from its product, which was eventually being emitted to the atmosphere in the end use. This was done by adopting its own recently patented process for the solvent exchange;
- (c) Furthermore, the German enterprise has stated that it is incurring an incremental operating cost for environmental operation of its plant of \$0.8 million per year.

Non-ODS Japanese Process: A Japanese enterprise has developed a non-ODS process for chlorinated rubber and commercialized it in 1997. According to news reports the Japanese process costs the company an investment of about one billion Yen, approximately \$10 million in order to set up a production facility of 800 MT of chlorinated rubber per annum. This option is clearly expensive and not cost-effective (a brief write-up on this subject from Japan Chemical Weekly (J.C.W. April 20, 1995 is available in the project file of the World Bank). RRIL, one of the beneficiaries of this sub-sector plan, had been in contact with this Japanese company, but an agreement for licensing its patent did not materialize due to conditions set up by the Japanese company for licensing of the process to RRIL. The conditions include high cost of technology transfer, royalty and operational restrictions regarding sales of non-ODS chlorinated rubber in specific markets, etc., which made it practically inaccessible to RRIL.

Estimation of Cost of Emission Reduction for Chemical Process Agents: The Process Agent Working Group constituted by TEAP reported in its May 1995 report (Annex 5) that to reduce emission from a 4,000 – 5,000 tons per annum of a chlorinated rubber plant

⁵ Paper presented by Dr. Kerres, a member of PATF, at a workshop organized by ICMA in Mumbai, January 1997.

to an insignificant level will require a capital investment of about \$70 - \$100 million. It is clear then that this alternative is expensive and has other limitations as it presents an interim solution and an eventual conversion to a non-ODS process will be required later.

Option 2: Plant closures

The second scenario is to assume that all four enterprises opt for a closure option. To calculate the level of compensation, a financial model similar to the one used for the CFC production closure project for India is used. Profit streams foregone due to early closure of these facilities are calculated on the basis of unconstrained growth, which would be expected if there were no Montreal Protocol.

The actual selling price of chlorinated rubber (which is as competitive as international prices), variable costs and fixed costs in the baseline year, the financial year 1996 – 1997 are used for determining income and costs at various levels of projected production in subsequent years till the year 2010.

The baseline production level of the four enterprises is established by using the average combined production of these plants during the three financial years: 1995 – 1996, 1996 – 1997, and 1997 – 1998. Without the Montreal Protocol, the demand and production would have continued to increase at a rate experienced prior to the 1995 – 1996 financial year. However, for the purpose of this proposal, a growth rate of 12% per annum (as stated earlier in Chapter 2) for both the local and exporting markets in Article 5 countries is applied to the model.

In addition, a 3% annual inflation rate is applied over the period from 1996 – 2010. This model employs a discount rate of 7% per annum, similar to the CFC production closure project. For more detailed information pertaining to the financial model, please refer to Annex III.

Based on these key parameters, the total amount of profits forgone by early closure of these four remaining chlorinated rubber plants is projected to be \$35,573,923 after deducting 20.38%. (The average level of export to Article 2 countries is 30.38%. Based on the ExCom guidelines, the funding level should, therefore, be reduced by 20.38%.) Distribution of the foregone profits is determined on the basis of the installed capacity of each enterprise. The distribution of foregone profits is shown in Annex III.

Table 10: Foregone Profits Induced by the Montreal Protocol

	Installed Capacity (MT of Chlorinated Rubber)	Forgone Profits (\$)
Total	5,500	35,573,923

The Supreme Court of India has issued a ruling requiring that compensation for labor redundancy resulting from closure of business on environmental grounds be a minimum of six years’ annual salary and admissible benefits. The total number of jobs lost as a

result of plant closure is estimated to be 205, corresponding to a total labor compensation package of \$1,857,600.

Therefore, the total cost for the closure option is the sum of profits foregone and labor compensation. This amounts to \$37,431,523.

Option 3: Emission Abatement Technologies

An emission abatement system in principle consists of devices for collection, treatment, recovery, disposal, emission and quality control. This can be applied for various applications, including soil conservation, water purification, and air/vapor purification or recycling. An emission abatement system is characterized overall by strict control of operations, with detailed attention on operations. A large number of valves and joints in the plant need to be controlled for emissions/leakage; pumps and sealing systems of the reactors also need to be modified or replaced for sealing. Finally, it is also sensitive to power fluctuations/outage, which can lead to higher emissions of CTC.

Depending on the baseline equipment and the types of processes employed, an emission abatement system including maintenance practices could vary significantly. In certain cases, an emission abatement option may involve major plant overhaul. Therefore, costs of an emission abatement system could vary significantly. In certain cases, this may not even be a technically and financially feasible option.

The incremental capital cost of the emission abatement system of a 550 MT capacity at ROL has been previously worked out to be \$2,199,230. The incremental operating cost of the same facility (NPV for four years) was worked out at \$779,636. This provides a total cost for emission abatement of a 550 MT plant equal to \$2,978,866. This estimate does not include the cost of licensing of technology or engineering consultancy charges over the period of commissioning of the emission abatement system. Such costs would have to be added to the incremental investment cost of this option.

With an emission abatement system alone, enterprises will not be able to completely phase out the use of CTC. Additional purification systems must be put in place in order to remove and recover CTC that is entrapped in the final product. Failure to do so will result in having about 3.5% of CTC used on chlorinated rubber remain in the product and eventually being emitted to the atmosphere. Furthermore, the product with this level of CTC content has become increasingly unacceptable as customers are discriminating against chlorinated rubber with a CTC content of more than 10 ppm. Finally, even if the Indian chlorinated rubber producers decide to exercise this option, they will not be able to do so because they do not have access to the product purification technology.

Therefore, the emission abatement technologies are clearly not an option for the Indian chlorinated rubber producers.

Option 4: Industrial Rationalization

As pointed out in Option 1 not all enterprises will be able to access the new non-CTC chlorinated rubber production technologies. Therefore, Option 1 scenario is not feasible. Similarly, Option 2 scenario, requiring that all chlorinated rubber producers in India completely stop their production, is also not desirable, as it would create abrupt disruption of the economic development of India.

Emission abatement option requires a long period for development and stabilization, and even in non-Article 5 (1) countries such systems are more effective only in large units with concerted efforts stretching over 10 years or more and involving large expenditures. Operation of these systems requires uninterrupted power supply, highly skilled manpower for preventive maintenance and upkeep of plant facilities and sustained training and experience. Frequent power disruptions and consequent malfunctioning of abatement systems will, in fact, lead to higher emissions. Such conditions are difficult to achieve in Article 5 countries.

The emission abatement system does not resolve the problem of substantial quantity of residual CTC in the end product. Installation of a solvent exchange system to get over this problem is extremely costly and the required technology is not available. Finally, adoption of emission abatement is at best an interim solution and continues to rely on CTC.

It is, therefore, considered much more desirable for India to undertake conversion at the two facilities that have access to the new non-CTC alternative technology, while the remaining producers have already decided to opt for a closure option. The total cost of \$18,066,845 for the industrial rationalization option includes costs of conversion at RRIL and RPL, costs of closure plus labor compensation for Pauraj and Tarak. With this level of funding, India will be able to completely phase out the use of CTC in this sub-sector without causing any disruption to its economic development.

Table 11: Incremental Cost of Option 4

	CTC Phaseout Option	Incremental Cost (\$)
Conversion at two plants	Conversion	14,538,898*
Closure at two plants	Closure	2,909,947*
Labor Compensation for two plants		618,000
Total		18,066,845

*Incremental cost after export deduction of 20.38 % (30.38% minus 10%) to Article 2 countries.

Summary

The costs of various options described above is summarized below:

Table 12: CTC Phaseout Costs for the Four Options Approved by the Parties

Option	Incremental Cost (\$)	CTC Phaseout (MT)	Cost Effectiveness (\$/kg ODP)
Conversion	16,336,536*	347	\$42.80
Closure	37,431,523	347	\$98.07
Emission Abatement	Not applicable	325.25**	
Industrial Rationalization	18,066,845	347	\$47.33

*Detailed cost calculation is provided in the project proposals for conversion of chlorinated rubber facility at RRIL and RPL. These proposals are attached as Annex VI of this document.

**Assuming that CTC emission during the process reduces to zero. CTC emissions are caused by the residual quantity of CTC entrapped in the final products (3% of the weight of the product).

Proposed Strategy

The Government of India and the chlorinated rubber producers in India agree to opt for Option 4 as their strategy for phasing out CTC consumption in this sub-sector. Based on this option, two enterprises that have access to a new non-CTC alternative technology will undertake conversions immediately after the Executive Committee approves the funds to support this strategy, and when the ROL facility, which is also funded by the Multilateral Fund, completes their non-CTC chlorinated rubber production conversion and becomes on-line.

Based on the historical data, the market of CTC chlorinated rubber has declined at a rate of 16 % per annum due to the Montreal Protocol. However, the demand for end products is growing at the rate of 12% per annum from 2002 to 2004. The demand in 2005 is further limited by the 85% reduction of CTC consumption. The declining market of CTC chlorinated rubber is being replaced by non-CTC chlorinated rubber and substitutes such as polyurethane, epoxies and acrylics.

Table 13: Projection of the Total Demand of Chlorinated Rubber and Alternative

Year	Residual Demand for CTC chlorinated rubber (with MP) (MT)	CTC chlorinated Rubber Market that is Replaced by Substitutes (MT)	Total Demand for End Products (MT)
2002	631	1,581	830
2003	530	1,454	1,984
2004	445	1,777	2,222
2005	171	2,317	2,488

Conversion and Closure Sequence: To preempt a significant shortfall of the supply of CTC chlorinated rubber a conversion and closure sequence of the four remaining producers must be carefully designed. Conversion and closure at the same time will create a sudden shortage of chlorinated rubber, which is not desirable.

Conversion and closure sequence shown as Option A in Annex V shows that by undertaking conversions at RRIL and RPL in 2003 or immediately after the approval of this proposed sub-sector plan, India will be able to optimize the contribution of this sub-sector plan to country's ability to meet the 85% reduction target for CTC and to minimize the shortfall of chlorinated rubber supply during the transition period from 2003 – 2005. Moreover, this option will enable India to recapture its previous years market that was taken away by non-CTC chlorinated rubbers and other substitutes. As shown by Option B, delaying the conversion at RRIL and RPL will result in a higher shortfall of the supply of chlorinated rubber during the transition period. In addition, this option will take India beyond 2005 before it can recapture its lost market.

The Government of India, therefore, proposes to convert and close the remaining production of CTC chlorinated rubber in accordance with Option A presented in Annex V.

Implementation Timeframe

The Project will be implemented by the CR producers in India. The proposed implementation schedule illustrated below becomes effective after the OTF grant is made available. The change over from the existing plant will entail a production shutdown of about 12 months.

IMPLEMENTATION SCHEDULE

	QUARTERS											
	Year 2002				Year 2003				Year 2004			
	1	2	3	4	1	2	3	4	1	2	3	4
MF Project Approval			X									
Financial Appraisal				X								
Sub grant Agreement				X								
Equipment specification preparation					X	X						
Equipment procurement						X	X					
Installation of equipment							X	X				
Civil work						X	X	X				
Testing and trials									X	X		
Production Start-up							X	X		X	X	
Project completed												X
Plant Closure at Tarak and Pauraj											X	X
First Disbursement					X							
Final Disbursement												X
Completion Report.												X

Annex I CTC Consumption

Chlorinated Rubber Manufacturers in India

Serial No.	Enterprise	Start of commercial production	Installed capacity (MT/yr.)	CTC consumption (MT/yr)	Process agent (CTC MT) inventory in plant equipment when inspected (Dec. 1999)
1.	Rishiroop Polymers Pvt. Ltd. (RPL)	1973	550	(300)*	65.0
2.	Pauraj Chemicals Pvt. Ltd.	1980	150	82	26.0
3.	Rishiroop Organics Pvt. Ltd. (ROL)	1991	550	226	65.0
4.	Rishiroop Rubber International Ltd. (RRIL)	1993	4500	544	400.0
5.	Tarak Chemicals Ltd.	1998	300	164	50 (estimated)

*Projected consumption based on production records prior to the labor strike.

Breakdown of CTC Consumption (MT) at Each Chlorinated Rubber Producers in India

	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	00-01
RRIL	-	-		184	625	575	456	346	352	130
ROL	52	227	12	7	141	262	221	196	123	69
RPL	222	223	219	235	31	0	0	0	0	0
PAURAJ	69	61	57	57	50	41	49	36	36	10
TARAK						-	-	24	38	68
TOTAL	343	511	288	483	847	878	726	602	549	277

Average CTC consumption in last three years excluding ROL = 347 MT

Annex II

Cost Calculation for Conversion Option

The approved capital cost for the ROL project before applying 20% reduction on technology upgrade, is \$2,284,742. This amount includes contingency of \$155,968. In addition, the Multilateral Fund also approved a one-year incremental operating cost of \$109,906. This funding level is for supporting the conversion of a 550 MT production capacity. The average CTC consumption during the period from 1996 – 1998 is 226.203 MT.

Enterprise	Approved Incremental Capital Cost (\$)	Technology Fee (\$)	Installed Capacity (MT of CR)	Approved Capital Cost per MT of installed capacity (\$/kg of CR)*	Approved Incremental Operating Cost for 344.33 MT CR production (\$)	Approved Incremental Operating Cost per MT of CR produced (\$/MT CR)
ROL	2,140,987	238,000	550	3.46	109,906	316.84

*Excluding technology fee.

By taking the approved costs for the ROL project (\$3.46/kg of installed capacity and \$0.31684 /kg CR) plus a 10% contingency provision as standard costs, the conversion costs for the remaining four chlorinated rubber plants can be calculated as follow:

Production of Chlorinated Rubber during the past three years

Enterprise	1998 – 1999	1999 – 2000	2000 - 2001	Avg. Level of Production (MT)	Avg. Level of Export to Art. 2 Countries
RRIL	686	496	338	507	283
ROL	336	238	165	246	0
RPL	0	0	0	0	0
Pauraj	112	90	33	78	0
Tarak	41	163	215	140	12
Total	1,175	987	751	971	295

CTC Consumption (MT) during the past three years

	1998 -1999	1999 - 2000	2000 - 2001	Average CTC Consumption (MT)
RRIL	346	352	130	276
ROL	196	123	69	129
RPL	0	0	0	0
PAURAJ	36	36	10	27.33
TARAK	24	38	68	43.33
TOTAL	602	549	277	475.66

Export of Chlorinated Rubber to Non-Article 5 Countries during the last three years

Enterprise	1998 – 1999	1999 – 2000	2000 - 2001	Avg. Level of Export to Non-Art. 5 Countries (MT)
RRIL	415	255	178	283
ROL	0	0	0	0
RPL	0	0	0	0
Pauraj	0	0	0	0
Tarak	0	10	25	12
Total	415	265	203	295

The export component of the overall chlorinated rubber sub-sector is calculated on the basis of the average production level and the level of export to Article 2 countries during the period of 1999 – 2001.

For RRIL and RPL, conversion costs are determined on the basis of actual costs. The detailed cost breakdown for conversion at these two enterprises is shown in Annex VI, Parts A and B.

Enterprise	ICC (\$)	Contingency (\$)	IOC (\$)	Total
RRIL	14,109,530	1,376,553	161,829	15,647,912
RPL	2,396,588	215,859	0	2,612,447

For Pauraj and Tarak, which do not have access to new non-CTC alternative, estimate for the conversion option is carried out as follow:

Enterprise	Installed Capacity (MT of CR)	ICC* (\$)	Technology Fee (\$)	Total ICC (\$)
Pauraj	150	519,000	238,000	757,000
Tarak	300	1,038,000	238,000	1,276,000

*ICC does not include technology fee.

Enterprise	ICC (\$)*	Contingency (\$)*	Production Level (MT of CR)	IOC (\$)	Total (\$)
Pauraj	757,000	51,900	78	24,714	833,614
Tarak	1,276,000	103,800	140	44,358	1,424,158

*It is estimated that the actual conversion costs, without the technology fee, for Pauraj and Tarak are approximately \$1 million and \$1.7 million, respectively.

*No contingency provision for technology fee.

Summary :

Incremental Capital Costs	\$ 18,539,118
Contingency	\$ 1,748,112
Sub-total	\$ 20,287,230
Incremental Operating Costs	\$ 230,901
Sub-total	\$ 20,518,131
Export to Article 2 Countries (30.38%)	\$ (4,181,595)
Total Eligible Grant Amount	\$ 16,336,536

With the average production level of 971 MT and the average level of export to Article 2 countries of 295 MT during the corresponding period, the component of export to Article 2 countries is equal to 30.38%. Therefore, the incremental cost should be reduced by 20.38% (30.38% minus 10%, in accordance with the ExCom decision). After deducting the export component, the total eligible cost for this option becomes \$16,336,536.

Annex III

Cost Model for Plant Closure Option

Methodology for Calculating the Compensation Level Under the Closure Option

A financial model is developed for determining the level of profit foregone in case the chlorinated rubber manufacturers decide to opt for an early closure of their facilities. Assuming that there was no Montreal Protocol, unconstrained growth in the demand and production of chlorinated rubber with CTC would have been expected.

To calculate streams of profit foregone by the chlorinated rubber producers due to early phaseout of chlorinated rubber production, actual selling price, variable and fixed costs in the baseline year (the financial year 1996 – 1997), are used. Projected income and costs are determined on the basis of unconstrained growth until the year 2010.

The followings are key parameters employed by this financial model:

Installed Capacity

The installed capacity as reported by each enterprise is listed below. This listed capacity is calculated on a basis of 3 shifts a day.

Enterprise	Installed Capacity (MT of Chlorinated Rubber)
RRIL	4,500
RPL	550
Pauraj	150
Tarak	300
Total	5,500

Baseline Production

The annual production levels during the three consecutive financial years (1995 – 1996, 1996 – 1997, and 1997 – 1998) are used for establishing an average annual production level or baseline production level. With this assumption, the baseline production level is 1,005 MT.

Baseline Year

The financial year of 1996 – 1997, starting from April 1996 to March 1997, is used as a baseline year. Sales price and other costs prevailing during this financial year are used as a basis for calculating costs and income in the subsequent years.

Growth Rate

The market experts projected that considering the economic downturn experiencing in India and other developing countries the demand of paints and inks will grow at a rate of about 12% from 2001 onwards. This growth rate is used in this model in order to calculate streams of profit forgone by the enterprises. This 12% rate is applied from 1996 – 2010. This rate is considered to be conservative as the actual growth rate during the period of 1990 – 1996 was reported to be at the level of 27% per annum.

Sales Price

The selling price is based on actual export price realized by Indian producers plus 10% in order to arrive at an international price of chlorinated rubber during the baseline year (1996 – 1997). In the subsequent years, the sales price is increased by 3% to account for the inflation rate.

Variable Costs

Variable costs consisting of raw material cost, utilities costs, effluent treatment costs, and labor costs, are also adjusted by 3% a year to account for the inflation rate.

Material Costs

The two important items that are imported by chlorinated rubber producers in India are CTC and synthetic rubber. The international prices of these two items have been taken at actual import cost (CIF price) while local prices for other items like chlorine, stabilizers, and etc., are used in this model as these items are purchased locally. The quantities of raw materials used for different production levels are calculated by using the standard consumption norms.

Utility Costs

These consist mainly of cost of electricity and furnace oils. The costs of these items are calculated on the basis of the rates prevailing in the local market.

Selling Expenses

These expenses represent the cost of shipping and handling of the final products. A flat rate charge of 6% of the selling price is used for this model.

Salaries and Wages

These costs are based on the actual costs in the baseline year. Costs for subsequent years are adjusted by 3% in order to account for inflation.

Fixed Overheads

These consist mainly of administrative overheads and are based on actual overheads incurred in the baseline year. Overhead costs for subsequent years are also adjusted by 3%.

Net Present Value (NPV)

The net present value of the foregone profits are calculated by applying a 7% discounting rate on the profit stream prior to deduction of interest and depreciation.

Based on the above parameters, the followings are the foregone profits to be experienced by each enterprise if it decides to opt for a closure option.

Enterprise	Installed Capacity (MT of Chlorinated Rubber)	% of Market Share	Forgone Profits (\$)
RRIL	4,500	81.82	36,556,875
RPL	550	10	4,467,963
Pauraj	150	2.73	1,219,754
Tarak	300	5.45	2,435,040
Total	5,500	100	44,679,632

Labor Compensation

The annual man-power costs for these enterprises are as follows:

Enterprise	No. of Employees	Annual Cost of Salary and Benefits
Rishiroop Polymers	15*	39,600
Rishiroop Rubber International	120	167,000
Pauraj Chemicals	30	41,000
Tarak Chemicals	40	62,000
Total	205	309,600

*Rishiroop Polymers had about 85 employees and annual man-power cost was about \$81,000 at the time of the labor dispute leading to temporary suspension of work.

Pursuant to the decision of the Indian Supreme Court, the compensation to be paid for labor redundancy resulting from closure of business on environmental grounds must be a minimum of six years of annual salary and admissible benefits.

There the total labor compensation for closing down these four enterprises amounts to \$1,857,600.

Analysis for Profits Foregone Due to the Montreal Protocol and Early Closure

	QTY (M.T. / CR)	UNIT RATE PER M.T. (US \$)	COST PER M.T. of CR (US\$)
PRODUCTION IN M.T.			
SALES PRICE (PER M.T./ CR)			
SALES (value) (A)		*	4125.00
			4125.00
LESS : VARIABLE COST			
MATERIAL COST			
CTC	0.631	*	450.00
SYNTHETIC RUBBER	0.38	*	1275.00
LIQUID CHLORINE	1.2		0.09
STABILIZER	0.01		1.22
CATALYST 1	0.00138		0.003
CATALYST 2	0.00043		0.009
PACKING COST			37.40
UTILITIES COST			
CONSUMABLE STORES			92.02
POWER (KWH)	3158		0.07
FURNACE OIL	1100		0.14
EFFLUENT TREAT EXPENSES	0.275		0.04
(B)			1855.99
EXPORT CHARGES (C)			247.50
TOATL VARIABLE COST (D = B + C)			2103.49
CONTRIBUTION (E = A - D)			2021.509
			2509.67
* Based on International Prices Other items are based on Local Prices			
LESS : FIXED EXPENSES			
FIXED OVERHEADS (F)			619.48
Depreciation			
Net Profit before Tax			
Tax			
Net Profit after Tax			
Depreciation			
Cash accruals			
Cash accruals			1890.19
NET PRESENT VALUE @ 7%			

Annex IV

Cost Model for Industrial Rationalization Option

As it is more desirable for India to undertake conversion at the two facilities that have access to the new non-CTC alternative technology, while the remaining producers will opt for a closure option, the cost estimate for this model is, therefore, the sum of the costs of conversion at RRIL and RPL, and the closure costs for Pauraj and Tarak. The closure cost will have to include a labor compensation for the corresponding plants.

Enterprise	Installed Capacity (MT of Chlorinated Rubber)	% of Market Share	CTC Phaseout Option	Incremental Cost (\$)*
RRIL	4,500	81.82	Conversion	15,647,912
RPL	550	10	Conversion	2,612,447
Pauraj	150	2.73	Closure	1,219,754
Tarak	300	5.45	Closure	2,435,040
Total	5,500	100		21,915,153

*Export deduction of 30.38-10.00 % is excluded.

The export deduction for the entire sub sector will be USD 4,466,308 and the eligible grant amount works out to USD 17,448,845.

Enterprise	Labor Compensation (\$)
Pauraj Chemicals	246,000
Tarak Chemicals	372,000
Total	618,000

Taking into account the labor compensation of USD 618,000 for Pauraj and Tarak, the total cost for industrialization option works out to USD 18,066,845.

Therefore, the total cost for the industrial rationalization is equal to \$18,066,845.

Annex V
Conversion and Closure Sequence

Option A*

					TOTAL	CR/CTC	CR/CTC	CR/CTC	TOTAL	TOTAL	GAP**
YEAR	RRIL	RPL	PAURAJ	TARAK	SUPPLY	DEMAND	GAP	FREE	SUPPLY	DEMAND	
2003	Conv.	Conv.	150	300	450	530	80	1454	450	1984	1534
2004	Conv.	Conv.	150	300	450	445	-5	1777	450	2222	1772
2005	4500	550	0	0	5050	171	-4879	2317	5050	2488	-2562

* All figures are in metric tons per year.

** Plus means unmet demand while minus means surplus.

Option B*

					TOTAL	CR/CTC	CR/CTC	CR/CTC	TOTAL	TOTAL	GAP**
YEAR	RRIL	RPL	PAURAJ	TARAK	SUPPLY	DEMAND	GAP	FREE	SUPPLY	DEMAND	
2003	530	Conv.	0	0	530	530	0	1454	530	1984	1454
2004	445	Conv.	0	0	445	445	0	1777	445	2222	1777
2005	Conv	550	0	0	550	171	-379	2317	550	2488	1938

* All figures are in metric tons per year.

** Plus means unmet demand while minus means surplus.

Annex VI
Detailed Project Proposal

**37th MEETING OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR
THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

Annex VI Part A

COUNTRY:	India
IMPLEMENTING AGENCY:	World Bank
PROJECT TITLE:	Conversion of Chlorinated rubber manufacture from Carbon Tetra Chloride to non-ODS process at Rishiroop Rubber International Ltd India.
PROJECT IN CURRENT BUSINESS PLAN:	Yes
SECTOR:	Solvents
SUB-SECTOR:	Process agents
ODS USE IN SECTOR:	Baseline (1999-2001) 304 ODP tons Current (1997) 7876 ODP tons (total CTC Consumption in 1997 as reported to the MP Ozone Secretariat)
PROJECT IMPACT (ODS TO BE ELIMINATED):	Projected Phase out 276 MT CTC (304 ODP tons)
PROJECT DURATION:	24 months
PROJECT COSTS:	
Incremental Capital Costs	US\$ 14,109,530
Contingency (10%)	US\$ 1,376,553
Incremental Operating Costs (NPV for 1 year)	US\$ 161,829
Total Project Cost	US\$ 15,647,912
LOCAL OWNERSHIP:	100%
EXPORT COMPONENT:	
REQUESTED GRANT:	Part of Sector Plan
IA SUPPORT COST:	Part of Sector Plan
TOTAL COST TO MLF:	Part of Sector Plan
COST EFFECTIVENESS:	Part of Sector Plan
PROJECT MONITORING MILESTONES INCLUDED:	Yes
NATIONAL COORDINATING AGENCY	MoEF, National Ozone Unit

PROJECT SUMMARY

This project will lead to elimination of the use of 276 MT per year (304 MT ODP) of Carbon Tetra Chloride in the manufacture of Chlorinated Rubber by Rishiroop Rubber International Ltd. The proposed proprietary technology to be adopted has been developed in house by the enterprise using a non-ODS media for the chlorination reaction and is non-transitional.

Prepared by: Indian Chemical Manufacturers Association and the World Bank
OORG review by: William Kenyon

Date: March 21, 2002
Date: April 22, 2002

1. PROJECT OBJECTIVES

The objective of this project is to completely phase out the use of Carbon Tetra Chloride (CTC) as a process solvent in the production of Chlorinated Rubber (CR) by Rishiroop Rubber International Ltd-Ankleshwar. (RRIL). The installed capacity of the present production facility is 4500 MT per year and it is proposed that this capacity be converted.

The implementation of this project will contribute to helping India to meet its obligations to phase out use of Ozone Depleting Substances (ODS).

2. SECTOR BACKGROUND

The detailed information on the process agent sector is included in the main document.

3. DESCRIPTION OF PRODUCTION FACILITIES

RRIL is a 100% Indian owned public limited company, and was incorporated in 1990. Its shares are listed on Bombay stock exchange and it has about 20,000 shareholders. The company is promoted by Rishiroop group. It has production facility for manufacture of CR at Ankleshwar in the state of Gujarat. During the last three fiscal years RRIL exported on an average 55.7 % of its production to non- article (5) countries during 1998-2001.

The Ankleshwar production facility started commercial production of CR in 1993 with an installed capacity of CR of 4,500 MT per annum on three shift basis. In the fiscal year 1996-97 RRIL had achieved highest CR production of 966 MT. Since then the production sales have been decreasing due to constraint on the sale and use of products containing ODS. It presently employs 120 persons at the plant .

It uses CTC as an inert solvent in the manufacture of CR. The conventional process for production of CR involves using CTC as a solvent medium for chlorination of the rubber. The dry rubber is first dissolved in CTC, and this rubber solution is reacted with chlorine gas to produce chlorinated rubber, which stays dissolved in CTC. The solvent CTC is then recovered from this CR solution by flashing it in hot water and recycling it. Because CTC is required to be used as a process solvent and is handled in large quantities, the process causes emissive losses during storage, handling, and reaction, and there is also some presence of CTC as an impurity in the finished product; these factors cause CTC 'consumption'. The various stages of the manufacturing process include feedstock preparation, chlorination, recovery of solvent, filtration, drying, blending and packing. They require media resistant equipment (glass-lined reactors, lead bonded carbon steel reactors, etc.) The facilities have utility sections, comprising boilers for steam generation, refrigeration systems, diesel-based generating power sets for standby power generation, air compressors, cooling towers, etc. Finally, the facilities also have primary and secondary effluent treatment systems for waste water treatment and solid-waste disposal.

The details of CR production and CTC consumption for the last three years of production are as follows:

Table II: Average production and CTC consumption.

Year	CTC Consumed (MT)	CR Produced (MT.)
98-99	346	686
99-00	352	496
00-01	130	338
Average	276	507

The average consumption of CTC for the last three years of operation as mentioned above, is 276 MT per annum, which is 544 kg per MT of CR.

4. OPTIONS UNDER DECISION X/14

For ODS free CR production, the following options are available under decision X/14, and the costs of the various options are assessed in the following discussion:

1. Total closure
2. ODS emission abatement
3. Conversion to non-ODS process

The first two options have already been discussed in details in the main document. This annex will focus on costing of Option 3.

4.1. OPTION 3: CONVERSION OF PRODUCTION FACILITY AT ANKLESHWAR.

The Executive Committee approved ROL Project for conversion to non ODS process for manufacturing of Chlorinated Rubber at its 34th Meeting. The ROL Project has installed capacity of 550 MT and was granted with an incremental cost of US\$ 2.07 million after deduction of US\$ 330,537 on account of provision of a new plant. Rishiroop Rubber International (RRIL) is proposing to use the same technology for converting its full capacity of 4,500 MT of chlorinated rubber per year. The detailed conversion process is described below.

5. Project Proposal:

Several modifications /additions are required for converting the existing plant equipment to the new process. These include installation of new process equipment, storage facilities, piping and infrastructure facilities (e.g. power, water, air), etc., with different construction materials to match the new process conditions.

A list of the equipments required to be added/replaced to replace the existing capacity of CR at Ankleshwar is given at **Annex 1**.

A brief description of the major additions in equipment required is given below:

- 60 KL capacity fiber-glass reinforced polyester (FRP) storage tanks to store both fresh and recovered acid.
- Storage tank of 30 KL capacity of Stainless Steel to store rubber latex as a new raw material.
- Glass-lined carbon steel reactors of 8 kl capacity for preconditioning prior to chlorination.
- Glass-lined carbon steel reactors of capacity of 8 kl to carry out the new chlorination process. The existing glass-lined reactors are unsuitable. The new process requires a different type of agitation system in the reactor, which does not exist in the existing reactors and has to have modification in the nozzles of the reactor to accommodate the photochemical lamps.
- A Photochemical system will be added to catalyze the reaction.
- Pumps of corrosion resistant material for various operations such as circulating the contents of the reactor during chlorination and transporting the chlorinated product.
- Glass-lined stirred tanks of 8 kl capacity to store the reaction product after the chlorination process.
- Replacement corrosion resistant filters to remove the acid from the reaction product. The material of the present filtration equipment does not render it suitable for use.
- The filtered reaction product must be conveyed to the dryer by a conveying system along with a storage bin and a feeder. At present, this is handled by a screw conveyor, which will be unsuitable since the CR from the conventional process has different flow characteristics.
- Spray dryers will be required to remove the moisture from the wet product. The existing spin flash dryers are not suitable for this purpose.
- A pneumatic conveying system to convey the chlorinated rubber powder obtained from the dryer to a blending and packing unit.

- The fume extraction system will consist of suction ducting, suction blower, lime absorption column and lime circulation pumps which will absorb any trace hazardous gases emanating in the new process from various reactors and storage tanks. Further, in order to remove final traces of acid and chlorine from the tail gases, it would be necessary to scrub these gases with dilute alkali in a column prior to final discharge to atmosphere.
- The acid absorption system of higher capacity will consist of an acid scrubber, corrosion resistant pumps and an acid storage tank and acid absorber.
- An enhanced effluent treatment facility will be installed consisting of neutralizer settling tank, aerators and sludge pumps to handle a larger quantity of waste water. This facility will treat the trace quantities of acid and chlorine gas and bring it within standard norms required by the local pollution control authorities.
- A major portion of the existing piping and valves has to be replaced due to new process conditions and acidic material. Most of the new piping will be of PVDF or stainless steel or Teflon-lined carbon steel.
- Additional safety equipment to supplement existing equipment will be procured. This will consist of hazardous gases leakage detection, sensing, alarm and control system.

5.1. Civil Works and Utilities

The existing civil structures at RRIL, Ankleshwar are expected to be inadequate for accommodating the equipment for the converted production facility. Additional structural facilities will be required to accommodate the additional reactors and other process equipment. Some changes will also be necessary to be incorporated to the existing civil and structural facilities..

- Additional civil works will have to be incurred for construction of new tank farms for acid and rubber latex storage, acid-proof tile lining in critical process areas, additional underground water storage tank, civil foundations for various new equipment, additional storage facility for finished goods, etc.
- The new process does not require use of steam, thus rendering the existing steam boilers redundant. The converted plant will, however, require a much larger quantity of water requiring additional water storage and handling facilities. Consequently the size of effluent treatment facility will be bigger.
- Sizable additional connected power requirements will primarily arise due to the photochemical system in the new process. This will include an increase in electrical load transformer capacity with attendant transmission connection charges and enhanced main power distribution center, etc. In addition, the standby diesel generation capacity will need to be suitably augmented so as to ensure continuous power supply during the critical reaction process.
- A higher capacity cooling system such as chilling plants will have to be installed to cater to the augmented capacity and the requirements of the new process.
- To meet additional requirements of air for process and instrumentation, compressors will have to be installed in combination with suitable air dryers.

5.2. Redundant Equipment

The equipment becoming redundant or to be replaced in this project is given in **Annex 3**. The used equipment is generally more than 8 years old and has low book value. Having been used in chemical process plants, the equipment has virtually no salvage or resale value,.

6. JUSTIFICATION FOR THE SELECTION OF ALTERNATIVE TECHNOLOGY

Three alternative technologies exist for conversion to ODS free production of CR, as follows:

1. A solvent exchange process developed and patented by a German company.
2. A non-ODS process developed by a Japanese company.
3. A non-ODS developed indigenously in India by RRIL.

Solvent Exchange Process : A German enterprise has adopted a two stage procedure to reduce the emissions from their process and to eliminate the CTC contained as impurity in the CR produced by them as under:

- a) The German enterprise spent about US\$25 million to reduce the emissions in their **7,000 TPA capacity** plant from a level of about 430 MT in 1989 to a level of about 0.3 MT in 1996 and that too over a period of 7 years of intensive efforts.
- b) In addition, this enterprise has spent about US\$40 million to modify its plant to reduce the impurity of CTC from its product, which was eventually being emitted to the atmosphere in the end use. This was done by adopting a patented process for the solvent exchange by it.
- c) Furthermore, the German enterprise has stated that they are incurring an incremental operating cost for environmental operation of their plant of US\$0.8 million per year

These details are consistent with the description on chlorinated rubber applications provided in the Report of the Chemical Process Agents Working Group of the TEAP, May 1995 . It seems to be clear that this alternative is expensive and has other limitations as it presents an interim solution and an eventual conversion to a non ODS process will be later required to be carried out.

Non-ODS Japanese process: A Japanese enterprise has developed a non-ODS process for CR and commercialized it in 1997. According to some news reports the Japanese process cost the company an investment of about Yen 1 billion to set up a production facility of 800 MT of CR per annum, which is expensive and not very cost effective, (a brief write up on this subject from Japan Chemical Weekly (J.C.W. April 20, 1995 is available in the project file in the Bank. RRIL had contacted this Japanese company, but an agreement for licensing their patent did not materialize.

Non-ODS RRIL process : The new RRIL process of chlorination of rubber through aqueous media completely eliminates the usage of CTC, and the CR produced by this process does not contain any entrapped CTC. **RRIL applied for a domestic patent for their process in December 1998, and have registered a provisional patent under Indian law on January 8, 1999.** By changing over to technology, RRIL will achieve complete elimination of CTC usage in their integrated converted facility at Ankleshwar.

PROJECT COST:

The incremental capital cost includes major components as follow:

Process Equipment	\$ 8,830,530
Effluent Treatment Facility	\$ 300,000
Process Utility and Piping	\$ 1,195,000
Electrical Equipment	\$ 280,000
Instrumentation, Dismantling and Erection Costs, Insulation & Painting, Safety Equipment, Civil and Structural Work, Consultant's fees for detailed Engineering	\$ 1,800,000
Know-how development	\$ 344,000
Trial and Training	\$ 300,000
Change-over Costs	\$ 460,000
Start-up and Commissioning	\$ 600,000
Sub-total	\$14,109,530
Contingencies (10%)*	\$ 1,376,553
Total	\$15,486,083

*Contingency of 10% does not apply to the cost of know-how development.

Details of the incremental capital costs are given in **Annex 1**.

The incremental operating costs are expected to be US\$ 161,829 for one years operation based on 507 TPA production level as given in **Annex 2**.

Thus the total incremental project cost is expected to be about US\$ 15,647,912.

7. PROJECT IMPLEMENTATION

The Project will be implemented by M/s RRIL in Ankleshwar. The proposed implementation schedule illustrated below becomes effective after the OTF grant is made available. The change over from the existing plant will entail a production shutdown of about 12 months.

IMPLEMENTATION SCHEDULE

	QUARTERS											
	Year 2002				Year 2003				Year 2004			
	1	2	3	4	1	2	3	4	1	2	3	4
MF Project Approval	X											
Financial Appraisal		X										
Sub grant Agreement		X										
Equipment specification preparation		X	X									
Equipment procurement			X	X								
Installation of equipment				X	X							
Civil work			X	X	X							
Testing and trials						X	X					
Production Start-up							X	X				
Project completed									X			
First Disbursement		X										
Final Disbursement									X			
Completion Report.									X			

Direct Benefits:

During the first 12 months of operation of the converted plants, the quantity of ODS phased out will total 276 MT of Carbon tetrachloride (304 ODP Tons)

Indirect Benefits:

There are no indirect benefits from this project.

ANNEX 1

I NCREMENTAL CAPITAL COST FOR 4500 TPA PLANT AT RRIL				
Sr.No.	Item	Unit Cost (USD)	Nos.	Total (USD)
A PROCESS FACILITY				
1	FRP storage tanks (50kl)	16500	4	66,000
2	PVDF lined magnetic sealless pump	3300	6	19,800
3	Stainless steel storage tank 30 kl	27500	2	55,000
4	Air operated PTFE-lined diaphragm pump	10670	5	53,350
5	Stainless steel blending reactor(1kl)	11000	4	44,000
6	Air operated PTFE-lined diaphragm pump	6600	16	105,600
7	Glass-lined Carbon Steel Reactors(8kl)	66000	8	528,000
8	Glass-lined Carbon Steel Reactors(8kl)	98000	16	1,568,000
9	PVDF Lined Carbon Steel housing in photo-chemical system	3300	32	105,600
10	Photochemical System	25,300	32	809,600
10.1	Spare equipment for photochemical system start up	88000	1	88,000
	Cooling system photo chemical systems exchanger (2.5 m2)			
11.1	Stainless steel heat exchanger (2.5 m2)	770	32	24,640
11.1	Stainless steel centrifugal pump (1m3/hr)	770	32	24,640
12	Static Mixer	4400	16	70,400
13	Graphite heat exchanger (10 m2)	15400	16	246,400
14	PVDF/PTFE AOD pumps.	13200	32	422,400
15	Glass-lined Stirred tanks (8 kl)	66000	10	660,000
15a	Air Operated PVDF-lined diaphragm pump	10450	4	41,800
15b	PVDF Surge Suppressor	3850	4	15,400
16	FRP belt filter system (350 kg/hr)	495000	2	990,000
17	Wet product conveying system	88000	2	176,000
18	Stainless steel feed bins(15kl)	38500	2	77,000
19	PTFE-LINED stainless steel dryer system consisting of hot oil generator, radiator, air filter, dust collector, blower etc.	495000	2	990,000
20	PVDF lined magnetic pump, 2m ³ /hr, 20 mH	4400	4	17,600
21	Piping – PVDF, Stainless steel, FRP, PP, CPVC, ABS pipes, valves and fittings.	440000	1	440,000
22	Pneumatic conveying system	440000	1	440,000
23	Stainless steel 316 Feed bins (30 KL)	30250	2	60,500
24	UPS system for photochemical system	15400	32	492,800
25	Stainless steel blender (5 kl)	27500	2	55,000

26	FRP Fume Extraction system with alkali scrubber	143000	1	143,000
	Sub-total group A			8,830,530
B	EFFLUENT TREATMENT FACILITY			
1	Reinforced concrete tank – Neutralizer	40000	2	80,000
2	Reinforced concrete settling tank	20000	2	40,000
3	Reinforced concrete tank –Aerator	20000	2	40,000
4	Sludge Pumps	1000	10	10,000
5	Acid proof lined reinforced concrete sludge drying beds	20000	3	60,000
6	Effluent Tank	30000	2	60,000
7	Consultant's fees for designing ETP system	10000	1	10,000
	sub-total group B			300,000
	C PROCESS UTILITY & PIPINGS (Annex 9)			
	Utility			
1	Air dryers 40 m ³ /min	45000	2	90,000
2	Air Compressors 40 m ³ /min	75000	2	150,000
3	Cooling Tower(1500 TR)	35000	1	35,000
4	Underground water storage tank	25000	1	25,000
5	Overhead Tank	10000	1	10,000
6	Chilling plants (150 TR)	125000	2	250,000
8	Diesel Generators 1700 KVA	225000	2	450,000
9	Water softeners	20000	2	40,000
10	Air Receiver	25000	1	25,000
11	Mild steel/ABS pipes, valves & fittings for above	120000	1	120,000
	Sub-total group C			1,195,000
	D ELECTRICALS			
1	Transformer	50000	1	50,000
2	Additional Powerline cost	40000	1	40,000
3	Power Control Centre	60000	1	60,000
4	Capacitors	30000	1	30,000
5	Electrical Cables, switches, starters etc.	100000	1	100,000
	Sub-total group D			280,000
	E INSTRUMENTATION	250000	1	250,000
	Control panels, Instruments such as rotameters, pressure gauges, temp gauges, Control valves, Misc. items (cables, etc) and labor charges			

F	DISMANTLING OF SURPLUS ITEMS	150000	1	150,000
G	ERECTION COSTS	250000		250,000
H	INSULATION & PAINTING	150000	1	150,000
I	SAFETY EQUIPMENTS	100000	1	100,000
	Continuous chlorine monitoring system			
	HCL monitoring system			
J	CIVIL WORKS	250000	1	250,000
	Consists of equipment foundations, tank farms, acid-proof tile lining, civil costs of power control centers, process control rooms and warehouse expansion and architects fees.			
J	STRUCTURAL WORK	400000	1	400,000
K	KNOW HOW DEVELOPMENT COST	344000	0	344,000
L	Consultant's fees for detailed engineering @ 2.5%	250000	1	250,000
	Total (E to L)			2,144,000
M	Pre- operative Cost Trial, Training and commissioning.			
	Insurance			
	Traveling			
	Training			
	Salaries of project team			
	Communication expenses			
	sub-total group M			300,000
N	Changeover costs			460,000
	Fixed Overhead cost for twelve months			
O	Start up & commissioning			600,000
	Cost of materials and variable costs			
	Commissioning			
	TOTAL			14,109,530
	Contingencies @10%*			1,376,553
	TOTAL INCREMENTAL INVESTMENT COST			15,486,083

*Contingency does not apply to know-how development.

ANNEX 1.1
JUSTIFICATION FOR INVESTMENT COST FOR CONVERSION PROJECT OF 4500 TPA

NEW EQUIPMENT	CAPACITY	UNITS	JUSTIFICATION/APPLICATION
A. PROCESS FACILITY			
1 Fiber reinforced polyester (FRP) storage tanks (new)	50 kl	4	Required for storing fresh HCL as well as recovered HCL
2 Polyvinylidene fluoride resin (PVDF) lined magnetic sealless pumps (new)		6	Required for transfer of HCL at various stages
3 Stainless Steel (SS) 316 Storage Tank (new)	30 kl	1	Required for rubber latex storage
4 Air operated diaphragm pump (new)		5	Required for transfer of latex from storage tank to latex blending vessel.
5 SS 316 Blending Reactor (new)	1 kl	4	Required to blend latex with additives.
6 Air operated Diaphragm Pump (new)		16	Required for transfer of process fluid from blending reactor to hold tank.
7 Glass-lined Carbon Steel Reactor (replacement)	8 kl	8	Required to precondition the feedstock for chlorination.
8 Glass-lined Carbon Steel (replacement)	8 kl	16	Required for chlorination
9 PVDF lined Carbon Steel housing for photochemical system (new)		32	Required to encase the photochemical system.
10 Photochemical system (new)		32	Required for the reaction
11 Cooling System consisting of 11.1 and 11.2 (new)			
11 SS 316 Heat Exchanger (new)	2.5 m2	32	Cooling equipment for photochemical system
11 SS 316 Centrifugal Pump (new)		32	Cooling equipment for photochemical system
12 Static mixture (new) (FRP)		16	Required to introduce the chlorine gas in the process solution
13 Graphite Heat Exchangers	10 m2	16	Required to remove the heat of reaction
14 PVDF/PTFE AOD Pumps		32	Required for circulation of HCL + Latex slurry in photochemical system loop.
15 Glass-lined Carbon Steel reactor	8 kl	10	Required for hold up of the product prior to filtration
15a Air operated PVDF lined diaphragm pump with surge impressors.		4	Required for slurry circulation
16 Filter system (replacement)	350 kg/hr	2	Required to separate the reaction product from HCL
17 Filtered reaction product conveying system (new)		2	Required to transfer the filtered product to the dryer feed bins
18 SS 316 Feed bins	15 kl	2	Required for feeding the wet product to the dryer
19 Dryer system consisting of hot oil thermic fluid generator, radiator dryer, bag filter, blower etc (new)		2	Required for drying of the wet CR
20 PVDF-lined magnetic pump		4	Required fro acid circulation
21 Corrosion resistant piping, valves and			Required for interconnecting the various equipment

	fittings (new) (PVDF/CPVC/ABS/PTFE)			in the process.
22	Pneumatic conveying system (new)		1	Required to transfer the dried product from the dryer to the hold bin for blending/packing
23	SS 316 feed bins	30 kl	2	Required to hold the dried product for blending/packing
24	Uninterrupted Power Supply	50 KVA	32	To protect the photochemical system from breakdown
25	SS 316 Ribbon Blender	5 kl	2	For dry blending of the product
26	FRP flume extraction systems (new)		1	Required to absorb any fumes of HCL or chlorine exhausted from various process equipment from the plant area.

ANNEX 2

INCREMENTAL OPERATING COSTS WITH NON ODS RRIL CR PROCESS

Figures in USD

Item of operating cost	Incremental cost per MR/CR	Incremental cost for 507 MT of CR*
Power	271.67	137,737
Fuel (Annex 3.1)	(43.23)	(21,918)
Materials (Annex 3.2)	69.97	35,475
Effluent Treatment (Annex 3.3)	20.78	10,535
TOTAL (USD)	319.19	161,829

*Average production level for the last three years.

ANNEX 2.1

INCREMENTAL OPERATING COST

FUEL CONSUMPTION COST

CURRENT CTC PROCESS

1. Quantity of furnace oil consumed / MT CR = 1100 liters.
2. Out of which, approximate quantity consumed in various processes is as under:
 - a) Dissolver : 110 liters
 - b) Precipitator : 330 liters
 - c) Dryer : 660 liters

TOTAL : 1100 liters

NEW PROCESS

1. There will be no requirement of steam in dissolution or precipitation processes. So there will be net savings of 440 liters of furnace oil in the new process.
2. There will be a change in the drying process and furnace oil will be required to heat the air but no steam generation will be required. However, due to higher heat losses through hot air, there will be an overall increase in energy requirements for the new drying process by about 10 % over the old drying process. So the furnace oil requirements for drying in the new process will be about 770 liters / MT of CR.

Net savings of furnace oil/MR CR = $1100 - 770 = 330$ liters

Net incremental cost of furnace oil consumed per Mt CR = $330 \times \text{USD } 0.31/\text{liter}$
= (**USD 43.23/MT**)

Net incremental cost of furnace oil for 507 MT /year = USD 21,918

ANNEX 2.2

INCREMENTAL OPERATING COSTS

MATERIALS CONSUMPTION COSTS

A. REQUIREMENTS OF RAW MATERIALS FOR NON ODS PROCESS

NAME OF RAW MATERIAL	QTY. (KG./MT OF CR)	UNIT RATE (USD/KG.)	COST (USD/MT CR)
1. LATEX 60 %	635.0	0.762	483.87
2. LIQUID CHLORINE	1200	0.107	128.40
3. CAUSTIC LYE 50 %	450	0.143	64.35
4. STABILIZERS	40	1.571	62.84
5. SURFACTANT	25	2.619	65.48
		TOTAL	804.94

B. REQUIREMENTS OF RAW MATERIALS WITH CTC PROCESS

NAME OF RAW MATERIAL	QTY. (KG./MT OF CR)	UNIT RATE (USD/KG.)	COST (USD/MT CR)
1. SYNTHETIC RUBBER	380	1.048	398.24
2. LIQUID CHLORINE	1200	0.107	128.40
3. CTC	544	0.3	189.3
4. STABILIZERS	10	1.571	15.71
5. CATALYST 1	1.38	2.976	4.11
6. CATALYST 2	0.43	8.69	3.74
		TOTAL	739.49

Net incremental cost of raw materials/MT of CR (B-A) = USD 69.97

Net incremental cost of raw materials for 507 MT /year = USD 35,475

ANNEX 2.3

INCREMENTAL OPERATING COST

EFFLUENT TREATMENT COST

A. UNDER EXISTING PROCESS

MATERIAL	QTY REQUIRED KG/ MT OF CR	UNIT RATE (USD/KG.)	COST (USD/KG.)
LIME	275	0.071	19.52

B. UNDER NEW NON ODS PROCESS

MATERIAL	QTY REQUIRED KG/ MT OF CR	UNIT RATE (USD/KG.)	COST (USD/KG.)
LIME	400	0.071	28.40
OTHER CHEMICALS	-	-	11.90
		TOTAL	40.30

Incremental effluent treatment cost per MT of CR produced = USD 20.78

Hence, incremental effluent treatment cost for 507 MT of CR produced per year = USD 10,535.

ANNEX - 3		
LIST OF REDUNDENT EQUIPMENTS		
Sr No.	Equipments	No.
1	Rubber Crusher	1
2	Lead bonded jacketted steel reactor (10KL)	3
3	S.S. Pump(10m ³ /hr, 20mH)	2
4	Glasslined Carbon Steel reactor (8KL)	8
5	S.S. Centrifugal Pump (10m ³ /hr, 20mH)	4
6	Hatelloy C CentrifugalPump (3m ³ /hr, 30mh)	2
7	Hastelloy C Stirred reactors (6KL)	3
8	Glass fibre reinforced polyester tanks (10KL)	3
9	S.S. Centrifugal slurry pump (10m ³ /hr, 25mH)	2
10	S.S. Centrifugal pump (10m ³ /hr, 10mH)	2
11	Agitated Nutsche filter (6 KL)	2
12	Vacuum Pump	2
13	S.S. Screw Conveyor	2
14	S.S. feed bin (10 KL)	3
15	Spin flash dryer	2
16	Spin flash dryer	2
17	Pneumatic conveying system	1
18	Pulveriser	1
19	S.S. Ribbon blender(2 KL)	1
20	PVDF lined magnetic sealless pumps (2m ³ /hr)	4
21	Exhaust blowers	2
22	Air compressors	3
23	GRP cooling tower (100TR)	1
24	Chilling plant 25 TR	2
25	Water softner	1
26	Boilers	2
27	HCL storage pump	2
28	Caustic Pumps	2
29	CTC pump	2

RISHIROOP RUBBER WORLD BANK (REVISED).doc / 30/8/2001

**37th MEETING OF THE EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR
THE IMPLEMENTATION OF THE MONTREAL PROTOCOL**

Annex VI Part B

COUNTRY:	India
IMPLEMENTING AGENCY:	World Bank
PROJECT TITLE:	Conversion of Chlorinated Rubber manufacture from Carbon Tetra Chloride to non-ODS process at Rishiroop Polymers Pvt. Ltd. India
PROJECT IN CURRENT BUSINESS PLAN:	Yes
SECTOR:	Solvents
SUB-SECTOR:	Process agents
ODS USE IN SECTOR:	Baseline (1999-2001) 304 ODP tons Current (1997) 7876 ODP tons (total CTC consumption as reported to the MP ozone secretariat).
PROJECT IMPACT (ODS TO BE ELIMINATED):	Phase out 225 MT CTC (248 ODP tons)
PROJECT DURATION:	24 months
PROJECT COSTS:	
Investment Capital Costs	US\$ 2,396,588
Contingencies (10%)	US\$ 215,859
Incremental Operating Costs (NPV for 1 year)	US\$ 0
Total Project Cost	US\$ 2,612,447
LOCAL OWNERSHIP:	100%
EXPORT COMPONENT:	
REQUESTED GRANT:	Part of Sector Plan
IA SUPPORT COST:	Part of Sector Plan
TOTAL COST TO MLF:	Part of Sector Plan
COST EFFECTIVENESS:	Part of Sector Plan
PROJECT MONITORING MILESTONES INCLUDED:	Yes
NATIONAL COORDINATING AGENCY	MoEF, National Ozone Unit

PROJECT SUMMARY

This project will lead to elimination of the use of 225 MT per year (248 MT ODP) of Carbon Tetra Chloride in the manufacture of Chlorinated Rubber by Rishiroop Polymers Pvt. Ltd. (RPL). The proposed proprietary technology to be adopted has been developed indigenously by an associated enterprise, Rishiroop Rubber (International) Ltd. using a non-ODS media for the chlorination reaction, and is non-transitional.

Prepared by: Indian Chemical Manufacturers Association and the World Bank
OORG review by: William Kenyon

Date: March 21, 2002
Date: April 22, 2002

1. PROJECT OBJECTIVEES

The objective of this project is to completely eliminate the use of Carbon Tetra Chloride (CTC) as a process solvent in the production of Chlorinated Rubber (CR) by Rishiroop Polymers Pvt. Ltd. (RPL) at their plant at Nasik, India.

The implementation of this project will contribute to helping India to meet its obligations to phase out use of Ozone Depleting Substances (ODS).

2. SECTOR BACKGROUND

The detailed information on the process agent sector is included in the main document.

3. DESCRIPTION OF PRODUCTION FACILITIES

RPL is a 100% Indian owned private limited company, and was incorporated in 1971, with a production facility at Nasik (Maharashtra state), mainly for the manufacture of CR, and also for a small quantity of aromatic resin. The production facility started commercial production in 1973, with an initial installed production capacity for CR of 150 MT per annum; the plant was debottlenecked and expanded in 1988 to increase the installed production capacity to the current level of 550 MT per annum calculated on a three shift basis (continuous production), to meet growing market demand. The maximum production of CR attained by RPL was 532 MT in the fiscal year 1990-91. RPL is a pioneer in developing the indigenous technology for manufacture of CR in India, and have received a national Government award in 1978 for import substitution for developing the process for CR indigenously.

Production at RPL was suspended in September 1995 because of a labor dispute, which was referred to an Industrial Court. It was resolved in October 1999, and RPL has serviced its plant and kept it ready to restart production at short notice.

RPL uses CTC as an inert solvent in the manufacture of CR. The conventional process for production of CR involves using CTC as a solvent medium for chlorination of the rubber. The dry rubber is first dissolved in CTC, and this rubber solution is reacted with chlorine gas to produce chlorinated rubber which stays dissolved in CTC. The solvent CTC is then recovered from this CR solution by flashing it in hot water and recycling it. Because CTC is required to be used as a process solvent and is handled in large quantities, the process causes emissive losses during storage, handling, and reaction, and there is also some presence of CTC as an impurity in the finished product; these factors cause CTC 'consumption'. The various stages of the manufacturing process include feedstock preparation, chlorination, recovery of solvent, filtration, drying, blending and packing. They require media resistant equipment (glass-lined reactors, lead bonded carbon steel reactors, etc.) The facility has utility sections, comprising boilers for steam generation, refrigeration systems, diesel-based generating power sets for standby power generation, air compressors, cooling towers, etc. Finally, the facility also has primary and secondary effluent treatment systems for waste water treatment and solid waste disposal. A detailed description of the conventional CR process is at **Annex 1**.

The details of CR production and CTC consumption for RPL for the last three years of production are as follows:

Table I: Average Production and CTC Consumption

RPL		
Year*	CTC consumed (MT)	CR Produced (MT)
92-93	222.	376.
93-94	219.	365.
94-95	235.	372
Average	225	371.

*: The production and consumption data for RPL are for 3 years prior to Sept. 95 when the industrial lock-out began.

The total average consumption of CTC for RPL, based on their average consumption for the last three years of operation as mentioned above, is 225 MT per annum.

4. OPTIONS UNDER DECISION X/14

For ODS free CR production, the following options are available under decision X/14, and the costs of the various options are assessed in the following discussion:

1. Total closure
2. ODS emission abatement
3. Conversion to non-ODS process

The first two options have already been discussed in details in the main document. This annex will focus on costing of Option 3.

4.1. OPTION 3: CONVERSION OF PRODUCTION FACILITY

The Executive Committee approved ROL Project for conversion to non ODS process for manufacturing of Chlorinated Rubber at its 34th Meeting. The ROL Project has installed capacity of 550 MT and was granted with an incremental cost of US\$ 2.07 million after deduction of US\$ 330,537 on account of provision of a new plant. Rishiroop Polymers (RPL) is proposing to use the same technology for converting its full capacity of 550 MT of chlorinated rubber per year. The detailed conversion process is described below. Details of these costs are at Annex 2.

5. Project Proposal:

Several modifications /additions are required for converting the existing plant equipment to the new process. These include installation of new process equipment, storage facilities, piping and infrastructure facilities (e.g. power, water, air), etc., with different construction material to match the new process conditions.

A list of the equipments required to be added/replaced to replace the existing capacity of CR at RPL is given at Annex 2.

A brief description of the major additions in equipment required is given below:

- 15 KL capacity fiber glass reinforced polyester (FRP) storage tanks to store both fresh and recovered acid.
- Storage tank of 15 KL capacity of Stainless Steel to store rubber latex as a new raw material.
- Glass-lined carbon steel reactors of 8 kl capacity for preconditioning prior to chlorination.
- Glass-lined carbon steel reactors of capacity of 8 kl to carry out the new chlorination process. The existing glass-lined reactors have smaller capacity and are unsuitable. The alternative option of using a larger number of smaller existing reactors will require use of more procurement of more expensive imported additional equipment for each reactor. In addition, the new process requires a different type of agitation system in the reactor which does not exist in the existing reactors.
- A Photo chemical system will be added to catalyze the reaction.
- Pumps of corrosion resistant material for various operations such as circulating the contents of the reactor during chlorination and transporting the chlorinated product.
- Glass-lined stirred tanks of 8 kl capacity to store the reaction product after the chlorination process.
- Replacement corrosion resistant filters to remove the acid from the reaction product. The material of the present filtration equipment does not render it suitable for use.

- The filtered reaction product must be conveyed to the dryer by a conveying system along with a storage bin and a feeder. At present this is handled manually since the CR from the conventional process has different flow characteristics.
- Fluidized bed dryers will be required to remove the moisture from the wet product. The existing rotary vacuum dryers are not suitable for this purpose.
- a pneumatic conveying system to convey the chlorinated rubber powder obtained from the dryer to a blending and packing unit.
- The fume extraction system will consist of suction ducting, suction blower, lime absorption column and lime circulation pumps which will absorb any trace hazardous gases emanating in the new process from various reactors and storage tanks. Further, in order to remove final traces of acid and chlorine from the tail gases, it would be necessary to scrub these gases with dilute alkali in a column prior to final discharge to atmosphere.
- The acid absorption system of higher capacity will consist of an acid scrubber, corrosion resistant pumps and an acid storage tank and acid absorber.
- An enhanced effluent treatment facility will be installed consisting of neutralizer settling tank, aerators and sludge pumps to handle larger quantity of waste water. This facility will treat the trace quantities of acid and chlorine gas and bring it within standard norms required by the local pollution control authorities.
- A major portion of the existing piping and valves have to be replaced due to new process conditions and acidic material. Most of the new piping will be of either stainless steel or Teflon-lined carbon steel.
- Additional safety equipment to supplement existing equipment will be procured. This will consist of hazardous gases leakage detection, sensing, alarm and control system.

5.1. Civil Works and Utilities

With some extensions and modifications, the existing civil structures at RPL, Nasik are expected to be adequate for accommodating the equipment for the converted aggregate production facility. Some changes will however be necessary.

- Additional civil works will have to be incurred for construction of new tank farms for acid and rubber latex storage, acid-proof tile lining in critical process areas, additional underground water storage tank, civil foundations for various new equipment, additional storage facility for finished goods, etc.
- The new process does not require use of steam, thus rendering the existing steam boilers redundant. The converted plant will, however, require a much larger quantity of water requiring additional water storage and handling facilities. Consequently the size of effluent treatment facility will be bigger.
- Sizable additional connected power requirements will primarily arise due to the photochemical system in the new process. This will include an increase in electrical load transformer capacity with attendant transmission connection charges and enhanced main power distribution center, etc. In addition, the standby diesel generation capacity will need to be suitably augmented so as to ensure continuous power supply during the critical reaction process.
- A higher capacity cooling system such as chilling plants will have to be installed to cater to the augmented capacity and the requirements of the new process.
- To meet additional requirements of air for process and instrumentation, compressors will have to be installed in combination with suitable air dryers.

5.2. Redundant Equipment

The equipment becoming redundant or to be replaced in this project for RPL is given in **Annex 3**. The used equipment is generally more than 8 years old and has low book value. Having been used in chemical process plants, the equipment has virtually no salvage or resale value.

6. JUSTIFICATION FOR THE SELECTION OF ALTERNATIVE TECHNOLOGY

Three alternative technologies exist for conversion to ODS free production of CR, as follows:

1. A solvent exchange process developed and patented by a German company.

2. A non-ODS process developed by a Japanese company.
3. A non-ODS developed indigenously in India by RRIL.

Solvent Exchange Process : A German enterprise has adopted a two stage procedure to reduce the emissions from their process and to eliminate the CTC contained as impurity in the CR produced by them as under:

- a) The German enterprise spent about US\$25 million to reduce the emissions in their **7,000 TPA capacity** plant from a level of about 430 MT in 1989 to a level of about 0.3 MT in 1996 and that too over a period of 7 years of intensive efforts.
- b) In addition, this enterprise has spent about US\$40 million to modify its plant to reduce the impurity of CTC from its product which was eventually being emitted to the atmosphere in the end use. This was done by adopting a patented process for the solvent exchange by it.
- c) Furthermore, the German enterprise has stated that they are incurring an incremental operating cost for environmental operation of their plant of US\$0.8 million per year

These details are consistent with the description on chlorinated rubber applications provided in the Report of the Chemical Process Agents Working Group of the TEAP, May 1995 (Annex 6). It seems to be clear that this alternative is expensive and has other limitations as it presents an interim solution and an eventual conversion to a non ODS process will be later required to be carried out.

Non-ODS Japanese process: A Japanese enterprise has developed a non-ODS process for CR and commercialized it in 1997. According to some news reports the Japanese process cost the company an investment of about Yen 1 billion to set up a production facility of 800 MT of CR per annum, which is expensive and not very cost effective, (a brief write up on this subject from Japan Chemical Weekly (J.C.W. April 20, 1995 is available in the project file in the Bank. RRIL has been in contact with this Japanese company, but an agreement for licensing their patent did not materialize, due to licensing of the process, cost of technology transfer, availability of the license without any operational restrictions, etc., which made it practically inaccessible to RRIL.

3. Non-ODS RRIL process : The new RRIL process of chlorination of rubber through aqueous media completely eliminates the usage of CTC, and the CR produced by this process does not contain any entrapped CTC. The new process will be licensed from RRIL, who have developed it through their in-house research. RRIL applied for a domestic patent for their process in December 1998, and have registered a provisional patent under Indian law on January 8, 1999; they expect to be able to complete the patent process by April 2003, by which time they also expect to be able to receive an international patent for the process. RPL will achieve in complete elimination of CTC usage in its converted facility at Nasik

PROJECT COST:

The incremental capital cost includes major components as follow:

Process Equipment	\$ 1,409,100
Effluent Treatment Facility	\$ 59,400
Process Utility and Piping	\$ 214,288
Electrical Equipment	\$ 60,500
Instrumentation, Dismantling and Erection Costs, Insultation & Painting, Safety Equipment, Civil and Structural Work	\$ 175,000
Consultant's fees for detailed Engineering	\$ 60,000
Know-how development	\$ 238,000
Trial and Training	\$ 108,800
Change-over Costs	\$ 0
Start-up and Commissioning	\$ 71,500

Sub-total	\$ 2,396,588
Contingencies (10%)*	\$ 215,859
Total	\$ 2,612,447

*Contingency of 10% does not apply to the cost of know-how development.

Details of the incremental capital costs are given in **Annex 2**.

No provision for incremental operating costs is made for RPL as there has been no production for the last three years.

Thus the total incremental project cost is expected to be about US\$ 2,612,447.

7. PROJECT IMPLEMENTATION

The Project will be implemented by M/s RPL in Nasik with the technical assistance and know how from M/s Rishiroop Rubber (International) Ltd.. The proposed implementation schedule illustrated below becomes effective after the OTF grant is made available. The change over from the existing plant will entail a production shutdown of about 6 months.

IMPLEMENTATION SCHEDULE

Activity	Quarters											
	Year 2003				Year 2004				Year 2005			
	1	2	3	4	1	2	3	4	1	2	3	4
MF Project Approval			X									
Financial Appraisal				X	X							
Sub grant Agreement				X	X							
Equipment specification preparation					X							
Equipment procurement						X	X					
Installation of equipment							X	X				
Civil work					X	X	X					
Testing and trials								X	X	X		
Production Start-up										X	X	
Project completed							X	X			X	
First Disbursement					X							
Final Disbursement												X
Completion Report.												X

Direct Benefits:

During the first 12 months of operation of the converted plants, the quantity of ODS phased out will total 225 MT of Carbon tetrachloride (248 ODP Tons).

Indirect Benefits:

There are no indirect benefits from this project.

CONVENTIONAL CTC-BASED CR MANUFACTURING PROCESS

Natural/Synthetic Rubber is first mechanically degraded on a two roll mill and then charged to a depolymerising reactor where it is mixed with a large quantity of CTC and subjected to further depolymerising by chemical and thermal means. The resultant depolymerised hydrocarbon becomes completely dissolved in CTC and is used as a feed-stock solution for the chlorination process.

The rubber solution is thereafter subjected to reaction with chlorine gas in the glass-lined reactors to produce chlorinated rubber, at which time HCL gas is produced as a by-product, and is carried away in the off gas from the reactors. Each of the chlorination reactors is equipped with a series of graphite condensers where the vapors emanating from the reactors are first cooled with cooling water and thereafter with chilled brine solution circulating at minus15 degrees Celsius. This results in the condensation and recycling of the CTC vapors going off from the chlorination reactors with the off gas. The off gases escaping from the condensers are introduced into a primary effluent treatment system for scrubbing down the HCL gas and converting it into 30% w/w hydrochloric acid. The tail gas from the HCL scrubbers is further subjected to treatment in lime towers to neutralize it with lime solution followed by scrubbing with caustic soda solution.

The chlorinated rubber thus formed remains dissolved in the CTC and this solution is subjected to purging with air/nitrogen to remove the residual entrapped HCL /chlorine in the solution. The CR solution is then transferred to hold tanks from where it is drawn into lead bonded reactors equipped with a series of graphite heat exchangers. In these reactors, the CTC is flashed by pumping the CR solution under hot water and CTC is thus condensed and sent back to process CTC storage tanks for recycling back to the rubber dissolution stage. During the process of CTC recovery, CR is formed as a particulate slurry in water. The product is recovered as a granular wet cake containing about 60% moisture by separating it from the CR slurry in nutsch filters / centrifuges.

The wet cake of CR is then charged to a series of rotary vacuum driers from where the product is obtained as a dried powder containing less than 0.2% moisture content. The dried CR powder is discharged into bins and thereafter taken up for sieving and blending for meeting the grade wise quality requirements. The product is thereafter packed and shipped out.

**INCREMENTAL COSTS SUMMARY FOR PLANT CONVERSION
RPL,NASIK**

This annex provides a summary of Incremental Costs (US\$) of converting the RPL plant at Nasik to non-ODS manufacture.

Details are provided in the tables that follow.

Capital Costs:	\$2,612,447
Operating Costs:	\$ 0
Total for one plant:	\$2,612,447

Annex Table 2A: INCREMENTAL CAPITAL COSTS

Sl.	ITEM	UNIT COST	Units	Total
A. PROCESS FACILITY				
	1 FRP Storage Tank 15KL	3,850	4	15,400
	2 PVDF Lined magnetic seal-less Pump	3,300	6	19,800
	3 Stainless Steel Storage Tank	17,050	1	17,050
	4 Air operated PTFE – lined diaphragm pump	6,600	5	33,000
	5 Stainless Steel Blending Reactor 1KL	7,920	1	7,920
	6 Air operated PTFE – lined diaphragm pump	6,600	2	13,200
	7 Glass lined Carbon Steel Reactor	66,000	1	66,000
	8 Glass lined Carbon Steel Reactor	107,800	2	215,600
	9 PVDF Lined Carbon Steel Housing for photo chemical systems	3,300	4	13,200
	10 U. V. Lamp Systems	25,300	4	101,200
	11 Cooling Systems for photo chemical systems			
	11 Stainless Steel Heat Exchange	770	4	3,080
	11 Stainless Steel Centrifugal Pump	770	4	3,080
	12 Static Mixer	4,400	2	8,800
	13 Graphite heat exchanger (10m ²)	15,400	2	30,800
	14 PVDF lined magnetic seals pump	6,270	7	43,890
	15 Glass-lined Stirred Tanks	66,000	1	66,000
	16 FRP belt filter (100 kg/hr)	203,500	1	203,500
	17 Paste Conveying systems	31,900	1	31,900
	18 Stainless Steel 316 Feed Bins (10KL)	8,800	2	17,600
	19 Two stage PTFE lined SS316 Fluidized bed dryer system	183,700	1	183,700
	20 PVDF FRP Tanks, 10KL	23,100	2	46,200
	21 PVDF lined magnetic Pump 2m ³ /hr, 20MH (heads in meters)	2,200	2	4,400
	22 Piping, PVDF, SS, FRP, PP Pipes valves and fittings	66,000	1	66,000
	23 Pneumatic conveying system	74,800	1	74,800

24	Stainless Steel 316 Feed bins(10KL)	8,800	2	17,600
25	UPS Systems for photo chemical systems	15,400	4	61,600
26	Stainless Steel Blenders 2KL	16,500	1	16,500
27	Chimney for Exhaust gases	5,280	1	5,280
28	FRP fume extraction systems with alkali scrubber	22,000	1	22,000
Sub-total				1,409,100
B EFFLUENT TREATMENT FACILITY				
1	Reinforced concrete tank – Neutralizer	6,600	2	13,200
2	Reinforced concrete settling Tank	3,300	2	6,600
3	Reinforced concrete Tank – Aerator	8,800	1	8,800
4	Sludge Pumps	330	10	3,300
5	Acid proof lined Reinforced concrete Sludge Drying Beds	2,200	2	4,400
6	Acid proof lined Reinforced concrete Sludge Storage with shed	4,400	1	4,400
7	RCC treated Effluent Storage tank	6,600	2	13,200
8	RCC Flocculator	3,300	1	3,300
9	Consultant fees for designing ETP system	2,200	1	2,200
Sub-total				59,400
C PROCESS UTILITY PIPING				
Utility				
1	Air Dryers 8m3/min	11,000	2	22,000
2	Air Compressor 8m3/min	22,000	2	44,000
3	Underground Water storage	5,500	1	5,500
4	Overhead Water tank	3,850	1	3,850
5	Chilling plant	17,600	2	35,200
6	Diesel generators	68,537.7	1	68,537.7
7	Water softeners	5,500	2	11,000
8	Air Receiver	7,700	1	7,700
9	Mild Steel pipes valves & fittings for above	16,500	1	16,500
Sub-total				214,287.7
D ELECTRICAL				
1	Transformer	8,800	1	8,800

	2 Power line cost	8,800	1	8,800	
	3 Power Control Center	16,500	1	16,500	
	4 Capacitors	4,400	1	4,400	
	5 Electrical Cables, switches starters etc.	22,000	1	22,000	
	Sub-total				60,500
E	INSTRUMENTATION		Unit	80,000	80,000
	Control panels, instruments (including rota-meters, pressure gauges, temperature gauges, control valves) misc. items, and labor charges				0
					0
F	ERECTION & DISMANTLING		Unit	20,000	20,000
					0
G	INSULATION & PAINTING		Unit	20,000	20,000
					0
H	SAFETY EQUIPMENTS		Unit	20,000	20,000
	Continuous chlorine and HCL monitoring systems				0
					0
I	CIVIL WORKS		Unit	15,000	15,000
	Equipment Foundations, tank farms, acid-proof tile lining, and civil costs of power control center, process control room and expansion of warehouse, architect's fee				0
					0
J	STRUCTURAL WORK		Unit	20,000	20,000
					0
K	TECHNICAL KNOW HOW FEE		Unit	238,000	238,000
					0
L	Consultants fees for detailed engineering		Unit	60,000	60,000
M	Pre operative Cost		Unit		
	Insurance			20,000	
	Travelling			28,800	
	Training			12,000	
	Salaries of project team			38,800	
	Communication expenses			9,600	
	Sub-total				108,800
N	Changeover costs (fixed overheads for six months)		Unit	0	0
O	Start up & commissioning (incl. Materials costs)		Unit	71,500	71,500

	TOTAL				2,396,588
	Contingencies				215,859
	TOTAL INCREMENTAL INVESTMENT COST (US\$)				2,612,447

Annex Table 2B: INCREMENTAL OPERATING COSTS

Item	Unit	Before Conversion (US\$, per MT of CR produced)			After Conversion (US\$, per MT of CR produced)			Net Incremental Cost (US\$/yr.)
		Qty	Rate	Amount	Qty	Rate	Amount	
Power	KWH	3,158	0.107	337.906	5,697	0.107	609.579	271.673
Furnace oil	Liters	1,100	0.131	144.1	770	0.131	100.87	-43.23
Materials ¹	Kg	various		739.49	various		804.94	69.97
Consumable Stores ²					Various		0	0
Effluent Treatment								
Lime	Kg.	275	0.071	19.525	400	0.071	28.40	8.875
Other chemicals	Kg.						11.90	11.90
Total IOC /MT of CR produced								319.19
Total C.R. Production,								0
Total incremental operating costs/year								0
Incremental operating costs (NPV for ONE year)								0

¹ Before: Synthetic rubber /Polyolefin, liquid chlorine, CTC, stabilizers, and three catalysts.
After: Latex, liquid chlorine, Caustic lye, stabilizers and additives.

² Photochemical System, pumps for transfer of reaction products, and air-operated diaphragm pumps. Per MT costs derived from calculations at \$117,000 for 550 TPA

REDUNDANT EQUIPMENT LIST

Sr. No.	Item	Nos
1	Rubber Mixing Mill	1
2	Acid proof brick lined tank (10KL)	2
3	Graphite tile lined steel tank (10KL)	2
4	Lead bonded carbon steel tanks (10kl)	2
5	Pumps	
	a) Silica Epoxy centrifugal Pump (2m3/Hr, 20mH	1
	b) Silica Epoxy centrifugal Pump (10m3/Hr, 20mH	4
	c) S. S. centrifugal Pump (10m3/Hr, 20mH	2
	d) S. S. centrifugal Pump (2m3/Hr, 10mH	2
	e) S. S. centrifugal Pump (5m3/Hr, 10mH	2
	f) Cast S. sludge Pump (5m3/Hr, 10mH	2
6	Glasslined Carbon steel Reactor (5kl)	2
7	Glasslined Carbon steel Reactor (4kl)	0
8	Glasslined Carbon steel Reactor (3kl)	0
9	Lead bonded Carbon Steel Reactors (10KL)	4
10	Glass fiber carbon steel stirred vessel 10KL)	1
11	Graphite Heat Exchanger (5m2)	12
12	Rotary Vacuum S316 dryers (2m3 cap)	4
13	Nutsch Filter (15KL)	2
14	Oil fired steam boilers	2
15	Centrifuges	0
16	Brine chilling plants (10 TR)	2
17	Air compressors (3m3/min)	2
18	Diesel generator (250 KVA)	1
19	Horizontal Glass fiber reinforced polyster tanks (5KL)	3
20	Graphite acid absorption system (60kg/hr)	1
21	Water softeners (5m3.Hr)	1
22	Carbon steel vertical storage tanks (10KL)	1
23	Air receivers (3m3)	1
24	Transformer (500 KVA)	1

OORG TECHNICAL REVIEW REQUEST
India

**Sector Plan for Phasing Out of CTC Consumption in the
Chlorinated Rubber Sub-Sector in India**

(OORG Reviewer: W. G. Kenyon)

OORG TECHNICAL REVIEW REQUEST

China

Sector Plan for Phasing Out of CTC Consumption in the Chlorinated Rubber Sub-Sector in India

(OORG Reviewer: W. G. Kenyon)

The following review of the "Sector Plan for Phasing Out of CTC Consumption in the Chlorinated Rubber Sub-Sector in India" (received 21 March 2002) was conducted at the request of the World Bank.

1. **Country of Origin:** India
2. **Project Title:** " Sector Plan for Phasing Out of CTC Consumption in the Chlorinated Rubber Sub-Sector in India"
3. **Sector/Subsector Covered:** Solvents/Process Agents
4. **Relationship to Country Programme:** Project documentation provided indicates that while not required to meet the 1999 freeze for CTC, and is thus consistent with the country's action plan.

5. Technology:

- a) The CTC in use in the Process Agents subsector is generally used as a solvent for the chemical processes used in the manufacture of chlorinated rubber, chlorinated paraffin, various other halogenated resins and polymers plus a variety of pharmaceuticals and agricultural products.

There are three options permitted under decision X/14. These are:

- a. Total Closure
- b. ODS Emission Abatement
- c. Conversion to a non-ODS Process.

(In addition, various combinations of these options are generally allowed)

Alternatives for ODS CTC are often difficult to identify. Thus, while alternatives are generally readily available in other sectors, this is not the case when the CTC is an integral part of the manufacturing process. In some cases, it may not be possible to totally eliminate the CTC, but instead the sub-sector may have to consider other pathways for ozone layer protection, such

as stringent emission abatement, plant closures or implementing CTC alternatives. In some nations, several of these options are combined.

In general, the non-ODS processes tend to be aqueous or proprietary, which would tend to preserve the manufacture of materials and products of value to society.

The phase out alternatives of either stringent emission abatement or plant closure are generally used only when a non-ODS alternative cannot be identified. In some cases, a cluster of enterprises making like product may elect to rationalize production to facilitate production yield and purity optimization; with several enterprises serving their established customer base from a common manufacturing operation.

In addition, workplace time-weighted averages (TWA), if any, for the proposed aqueous or other types of formulations may not be regulated in all provinces in India.

- b) Enterprises prefer to choose a technology that is not currently transitional, since it does not depend upon a solvent or chemicals that, at this time, face future bans. In addition, the technology chosen must balance product quality vs cost of alternative process or technology implementation.

In this sector plan, the enterprises involved using CTC to manufacture chlorinated rubber (CR) have selected a combination of conversion to an indigenous proprietary CR manufacturing process, while two enterprises will undergo plant closure (rationalization).

- c) Feasibility of transfer to the country of concern:
 - i) Technology transfer and training are not applicable, since the technology was developed by one of the Rishiroop Group enterprises. This technology has already been approved for one partner enterprise (ROL Chlorinated Rubber (CR) project at the 34th Meeting of the ExCom), and this sector plan proposes the same process be implemented at two others.
 - ii) There appears to be no licensing agreement required since the technology was developed in India by the enterprise.
 - iii) Other options (plant closure or continued use of CTC combined with stringent emission control) were investigated but discarded in favour of the new proprietary technology for certain plants and full closure for two other enterprises.

Other technology systems utilizing ozone safe chemistries may have been investigated but discarded when CR product quality was inferior to

the current ODS process. The enterprises did not want to continue use of CTC (combined with stringent emission abatement), even in low concentrations in the CR, as it could prove to be a disadvantage in the marketplace, resulting in loss of market share. GWP issues due to increased energy costs were checked but no comprehensive calculations were performed.

iv) See paragraphs 5 b, 5 c ii and 5 c iii above.

6. Environmental Impact:

- a) The ODP is zero for the proprietary process chosen. However, there is an increase in the furnace oil and electrical power requirements, resulting in a modest indirect GWP increase. However, with the closure of two other CR producing enterprises, efficient overall operation of the remaining CR producers may result in minimal GWP impact.
- b) The proposed proprietary process provides adequate safety from an environmental, safety and health perspective- within the limits of any process employing liquid chlorine. (The workforce has had experience handling liquid chlorine with the present process; so periodic refresher training combined with vigilance should minimize any workplace hazards.) Appropriate waste stream protection systems are incorporated in the various pieces of equipment to minimize contamination of the aquifers.
- c) The proposed various aqueous cleaning systems provide adequate safety from an environmental, safety and health perspective. Appropriate filtration and waste water systems are incorporated in the various pieces of equipment to minimize contamination of the aquifers. Special case will be required in the case of stringent emission abatement systems, since the possibility of aquifer contamination is still possible, albeit to a lesser degree.
- d) It is often very difficult to assess the waste stream increase generated by alternative processes. Such increases can be the result of making large volumes of sub-standard product, increased HCl waste, waste activated carbon or other emission control media. (For example, certain of the alternatives will involve use of stringent emission controls employing activated carbon to recover CTC. In such cases, it would be preferable to incinerate the activated carbon and any remaining CTC, since steam stripping the activated carbon could provide a pathway for CTC to enter the groundwater.

7. Project Cost:

- a) All the cost components identified in the project are essential to the conversion. The proposed equipment should provide an up to date, efficient,

zero-ODP CR manufacturing process incorporating proper waste stream management with capacity levels equivalent to current production levels.

- b) Existing equipment similar to the proposed new equipment would be expected to be found in the existing facilities, since both the old and new processes involve the chlorination of rubber to make CR. However, the scale of the equipment and the capacity of the pumps (for example) will quite different, as larger equipment is needed to handle dilute solutions or slurries, compared with concentrated solutions or slurries. (This is a materials handling and not a capacity issue.)
- c) Cost of equipment
 - i) The base line costs are properly addressed. The suggested equipment costs appear consistent with current industry pricing practices.
 - ii) The proposed equipment and technology listed is claimed to be readily available from local suppliers. All requested equipment is consistent with the project plan. (see also 7. b)
 - iii) It appears that the various pieces of equipment requested should meet the conversion requirements for replacing CTC with the proprietary new non-ODS CR manufacturing processes requested. (There is a possibility that water pre-treatment systems not cited in the document for treating and upgrading any incoming water may be required. If this is the case, the costs shall be borne by the enterprise.)
 - iv) The existing baseline CTC process equipment in this enterprise cannot be modified/converted for use in the new process, due to issues of scale.
 - v) While dismantling of baseline equipment was noted as a line item in the budgets, especially for the two plants being closed, a detailed plan for the scrapping out and disposition of the current baseline solvent equipment to prevent re-deployment is not provided. [See however, 7. c) vi) below.]
 - vi) Projected salvage value of the ca 8 yr old scrapped equipment was given as low book value. Also, the scrapped equipment has virtually no value since it was used in a chemical process plant. (Project commissioning personnel should carefully monitor final destruction and disposition of all the surplus/scrapped equipment from all the enterprises listed in this sector plan.)
 - vii) The proposed project equipment and quantity listed for the proprietary process gave no obvious indication there would be an increase in existing capacity.

- d) Appropriateness of training and related costs, if any:

The individual project budgets contain line items for training with the new equipment, as well as commissioning. Since the enterprise will be converting from CTC to an entirely new proprietary process, these costs are warranted.

- e) Operating Costs

- i) The Incremental Operating Costs (IOC) projected after the conversion are much higher than the existing costs. The increased costs appear to be associated with the additional utilities (especially heating oil), raw materials and effluent treatment chemicals. Increased energy consumption is to be expected with the utilization of new processes involving heating and transfer of dilute solutions.
- ii) The new process and equipment, while minimizing environmental, health and safety impacts associated with the new chemistry are projected to result in increased operating costs due to higher raw materials cost, higher effluent treatment costs and additional energy consumption. No reduction in defects that could translate into cost savings is apparent.
- iii) The operating costs given and their relation to the technology chosen appear to be consistent with projects already approved by ExCom for implementation (e.g. ROL, approved at 34th meeting).

8. Implementation Time Frame: The implementation time frame proposed appears feasible however since this is a new proprietary process installation, it may be too aggressive.

9. Recommendation:

- a) **Approval is endorsed.**

10. Special Concerns: Due to the proprietary process information contained in this project proposal, the review of this project was carried out only by the World Bank and OORG review personnel.



OORG Technical Reviewer: _____
W. G. Kenyon

Date Review Completed: 23 April 2002

OORG TECHNICAL REVIEW REQUEST
India

**Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride
to non-ODS process at Rishiroop Polymers Pvt. Ltd. India**

(OORG Reviewer: W. G. Kenyon)

OORG TECHNICAL REVIEW REQUEST

India

Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Polymers Pvt. Ltd. India

(OORG Reviewer: W. G. Kenyon)

The following review of the "Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Polymers Pvt. Ltd. India" (received 16 April 1999) was conducted at the request of Mr. Viraj Vithoontien, World Bank.

1. **Country of Origin:** India
2. **Project Title:** "Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Polymers Pvt. Ltd. India"
3. **Sector/Subsector Covered:** Solvents/Process Agents
4. **Relationship to Country Programme:** Project documentation provided indicates that while not required to meet the 1999 freeze, project is consistent with the country's action plan.
5. **Technology:**
 - a) There are three options permitted under decision X/14. These are:
 - a. Total Closure
 - b. ODS Emission Abatement
 - c. Conversion to a non-ODS Process.

The enterprise has elected to pursue Conversion to a non-ODS Process, as was chosen by the ROL Chlorinated Rubber (CR) project at the 34th Meeting of the ExCom. This new proprietary process was developed by an associated enterprise in the Rishiroop group, namely Rishiroop Rubber International Ltd. India.

Since the alternative non-ODS process requires significant volumes of heated water, and greater utility demands, a GWP greater than the present CTC process would be anticipated.

In addition, time-weighted averages (TWA), if any, for the proposed new proprietary process are not known. Thus, not all the chemicals in this process may be regulated in India.

- b) The proprietary technology chosen is not currently transitional since it does not appear to depend upon chemicals that, at this time, face future bans.
- c) Feasibility of transfer to the country of concern:
 - i) Technology transfer and training are not applicable, since the technology was developed within the enterprise.
 - ii) There appears to be no licensing agreement required since the technology was developed in India by the enterprise.
 - iii) Other options (plant closure or continued use of CTC combined with stringent emission control) were investigated but discarded in favour of the new proprietary technology. The enterprise did not want to continue use of CTC, even in low concentrations in the CR, as it could prove to be a disadvantage in the marketplace, resulting in loss of market share.
 - iv) Yes, see paragraphs 5 b, 5 c ii and 5 c iii above.

6. Environmental Impact:

- a) The ODP is zero for the proprietary process chosen. However, there is an increase in the furnace oil and electrical power requirements, resulting in a modest indirect GWP increase.
- b) The proposed proprietary process provides adequate safety from an environmental, safety and health perspective- within the limits of any process employing liquid chlorine. (The workforce has had experience handling liquid chlorine with the present process; so periodic refresher training combined with vigilance should minimize any workplace hazards.) Appropriate waste stream protection systems are incorporated in the various pieces of equipment to minimize contamination of the aquifers.

7. Project Cost:

- a) All the cost components identified in the project are essential to the conversion. The proposed equipment should provide an up to date, efficient, zero-ODP CR manufacturing process incorporating proper waste stream management with capacity levels equivalent to current production levels.
- b) Existing equipment similar to the proposed new equipment would be expected to be found in the existing facilities, since both the old and new

processes involve the chlorination of rubber to make CR. However, the scale of the equipment and the capacity of the pumps (for example) will quite different, as larger equipment is needed to handle dilute solutions or slurries, compared with concentrated solutions or slurries. (This is a materials handling and not a capacity issue.)

c) Cost of equipment

- i) The base line costs are properly addressed. The suggested equipment costs appear consistent with current industry pricing practices.
- ii) The proposed equipment and technology listed is claimed to be readily available from local suppliers. All requested equipment is consistent with the project plan. (see also 7. b)
- iii) It appears that the various pieces of equipment requested should meet the conversion requirements for replacing CTC with the proprietary new non-ODS CR manufacturing processes requested. (There is a possibility that water pre-treatment systems not cited in the document for treating and upgrading any incoming water may be required. If this is the case, the costs shall be borne by the enterprise.)
- iv) The existing baseline CTC process equipment in this enterprise cannot be modified/converted for use in the new process, due to issues of scale.
- v) While dismantling of baseline equipment was noted as a line item in the budgets, a detailed plan for the scrapping out and disposition of the current baseline solvent equipment to prevent re-deployment is not provided. [See however, 7. c) vi) below.]
- vi) Projected salvage value of the ca 8 yr old scrapped equipment was given as low book value. Also, the scrapped equipment has virtually no value since it was used in a chemical process plant.
- vii) The proposed project equipment and quantity listed for the proprietary process gave no obvious indication there would be an increase in existing capacity.

d) Appropriateness of training and related costs, if any:

The individual project budgets contain line items for training with the new equipment, as well as commissioning. Since the enterprise will be converting from CTC to an entirely new proprietary process, these costs are warranted.

e) Operating Costs

- i) The Incremental Operating Costs (IOC) projected after the conversion are much higher than the existing costs. The increased costs appear to be associated with the additional utilities (especially heating oil), raw materials and effluent treatment chemicals. Increased energy consumption is to be expected with the utilization of new processes involving heating and transfer of dilute solutions.
- ii) The new process and equipment, while minimizing environmental, health and safety impacts associated with the new chemistry are projected to result in increased operating costs due to higher raw materials cost, higher effluent treatment costs and additional energy consumption. No reduction in defects that could translate into cost savings is apparent.
- iii) The operating costs given and their relation to the technology chosen appear to be consistent with projects already approved by ExCom for implementation (e.g. ROL, approved at 34th meeting).

8. Implementation Time Frame: The implementation time frame proposed appears feasible however since this is a new proprietary process installation, it may be too aggressive.

9. Recommendation:

- a) **Approval is endorsed.**

10. Special Concerns: Due to the proprietary process information contained in this project proposal, the review of this project was carried out only by the World Bank and OORG review personnel.



OORG Technical Reviewer: _____
W. G. Kenyon

Date Review Completed: 22 April 2002.

OORG TECHNICAL REVIEW REQUEST
India

**Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride
to non-ODS process at Rishiroop Rubber International Ltd. India**

(OORG Reviewer: W. G. Kenyon)

OORG TECHNICAL REVIEW REQUEST

India

Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Rubber International Ltd. India

(OORG Reviewer: W. G. Kenyon)

The following review of the "Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Rubber International Ltd. India" (received 16 April 1999) was conducted at the request of Mr. Viraj Vithoontien, World Bank.

1. **Country of Origin:** India
2. **Project Title:** "Conversion of Chlorinated Rubber Manufacture from Carbon Tetrachloride to non-ODS process at Rishiroop Rubber International Ltd. India"
3. **Sector/Subsector Covered:** Solvents/Process Agents
4. **Relationship to Country Programme:** Project documentation provided indicates that while not required to meet the 1999 freeze, project is consistent with the country's action plan.
5. **Technology:**
 - a) There are three options permitted under decision X/14. These are:
 - a. Total Closure
 - b. ODS Emission Abatement
 - c. Conversion to a non-ODS Process.

The enterprise has elected to pursue Conversion to a non-ODS Process, as was chosen by the ROL Chlorinated Rubber (CR) project at the 34th Meeting of the ExCom.

Since the alternative non-ODS process requires significant volumes of heated water, and greater utility demands, a GWP greater than the present CTC process would be anticipated.

In addition, time-weighted averages (TWA), if any, for the proposed new proprietary process are not know. Thus, not all the chemicals in this process may be regulated in India.

- b) The proprietary technology chosen is not currently transitional since it does not appear to depend upon chemicals that, at this time, face future bans.
- c) Feasibility of transfer to the country of concern:
 - i) Technology transfer and training are not applicable, since the technology was developed within the enterprise.
 - ii) There appears to be no licensing agreement required since the technology was developed in India by the enterprise.
 - iii) Other options (plant closure or continued use of CTC combined with stringent emission control) were investigated but discarded in favour of the new proprietary technology. The enterprise did not want to continue use of CTC, even in low concentrations in the CR, as it could prove to be a disadvantage in the marketplace, resulting in loss of market share.
 - iv) Yes, see paragraphs 5 b, 5 c ii and 5 c iii above.

6. Environmental Impact:

- a) The ODP is zero for the proprietary process chosen. However, there is an increase in the furnace oil and electrical power requirements, resulting in a modest indirect GWP increase.
- b) The proposed proprietary process provides adequate safety from an environmental, safety and health perspective- within the limits of any process employing liquid chlorine. (The workforce has had experience handling liquid chlorine with the present process; so periodic refresher training combined with vigilance should minimize any workplace hazards.) Appropriate waste stream protection systems are incorporated in the various pieces of equipment to minimize contamination of the aquifers.

7. Project Cost:

- a) All the cost components identified in the project are essential to the conversion. The proposed equipment should provide an up to date, efficient, zero-ODP CR manufacturing process incorporating proper waste stream management with capacity levels equivalent to current production levels.
- b) Existing equipment similar to the proposed new equipment would be expected to be found in the existing facilities, since both the old and new processes involve the chlorination of rubber to make CR. However, the scale of the equipment and the capacity of the pumps (for example) will quite different, as larger equipment is needed to handle dilute solutions or slurries,

compared with concentrated solutions or slurries. (This is a materials handling and not a capacity issue.)

c) Cost of equipment

- i) The base line costs are properly addressed. The suggested equipment costs appear consistent with current industry pricing practices.
- ii) The proposed equipment and technology listed is claimed to be readily available from local suppliers. All requested equipment is consistent with the project plan. (see also 7. b)
- iii) It appears that the various pieces of equipment requested should meet the conversion requirements for replacing CTC with the proprietary new non-ODS CR manufacturing processes requested. (There is a possibility that water pre-treatment systems not cited in the document for treating and upgrading any incoming water may be required. If this is the case, the costs shall be borne by the enterprise.)
- iv) The existing baseline CTC process equipment in this enterprise cannot be modified/converted for use in the new process, due to issues of scale.
- v) While dismantling of baseline equipment was noted as a line item in the budgets, a detailed plan for the scrapping out and disposition of the current baseline solvent equipment to prevent re-deployment is not provided. [See however, 7. c) vi) below.]
- vi) Projected salvage value of the ca 8 yr old scrapped equipment was given as low book value. Also, the scrapped equipment has virtually no value since it was used in a chemical process plant.
- vii) The proposed project equipment and quantity listed for the proprietary process gave no obvious indication there would be an increase in existing capacity.

d) Appropriateness of training and related costs, if any:

The individual project budgets contain line items for training with the new equipment, as well as commissioning. Since the enterprise will be converting from CTC to an entirely new proprietary process, these costs are warranted.

e) Operating Costs

- i) The Incremental Operating Costs (IOC) projected after the conversion are much higher than the existing costs. The increased costs appear to be associated with the additional utilities (especially heating oil), raw

materials and effluent treatment chemicals. Increased energy consumption is to be expected with the utilization of new processes involving heating and transfer of dilute solutions.

- ii) The new process and equipment, while minimizing environmental, health and safety impacts associated with the new chemistry are projected to result in increased operating costs due to higher raw materials cost, higher effluent treatment costs and additional energy consumption. No reduction in defects that could translate into cost savings is apparent.
- iii) The operating costs given and their relation to the technology chosen appear to be consistent with projects already approved by ExCom for implementation (e.g. ROL, approved at 34th meeting).

8. Implementation Time Frame: The implementation time frame proposed appears feasible however since this is a new proprietary process installation, it may be too aggressive.

9. Recommendation:

a) **Approval is endorsed.**

10. Special Concerns: Due to the proprietary process information contained in this project proposal, the review of this project was carried out only by the World Bank and OORG review personnel.



OORG Technical Reviewer: _____
W. G. Kenyon

Date Review Completed: 22 April 2002.