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EXECUTIVE COMMITTEE OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL Forty-second Meeting Montreal, 29 March - 2 April 2004

Addendum

PROJECT PROPOSAL: CHINA

ODS phase-out in China solvent sector: 2004 tranche (UNDP)

This addendum is being issued to:

• Add the following paragraphs:

55 bis. UNDP subsequently advised that, commencing in 2004, the old CFC-113 production line at the sole CFC-113 producer, Jiangsu Changsha 3F Refrigerant Co. Ltd, has been limited to producing the quota for solvent use as stipulated in the Agreement of the China Solvent Sector Plan, plus 10 ODP tonnes for feedstock use. These limits have been established in an agreement between the Government and the enterprise. The production line will be dismantled by the end of 2005 when CFC-113 is no longer allowed for solvent use.

55 ter. UNDP has also advised that in 2003, the same enterprise constructed a new CFC-113 unit within a larger production facility that is used to manufacture the chemicals chlorotetrafluoro-ethylene (CTFE), CFC-113a and CFC-115. CFC-113 is needed to manufacture these chemicals, which are themselves used as feedstock for pesticides and other products. This gave rise to the suggestion that CFC-113 might be produced for feedstock purposes in excess of the 10 ODP tonnes limit in the Agreement. UNDP indicated that the inputs into the larger production facility are the raw materials required for CFC-113, and the outputs are CTFE, CFC-113a and CFC-115. UNDP further advised that this is an integrated process in which the raw materials are briefly transformed into CFC-113 and then, in a continuous production

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process, used to make the final products. The CFC-113 is not removed from the continuous production line for feedstock or any other use and "CFC-113 cannot be considered as ever having been produced".

55 quater. Finally, UNDP indicated its views that the limit of 10 ODP tonnes of CFC-113 as feedstock use is to "ensure that production and import of CFC-113 (and CTC) specifically for exempted feedstock use and process agent use are not diverted to solvent use." From the above descriptions of the two production facilities, UNDP considers that CFC-113 use was specifically accounted for and none was diverted to solvent use.

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