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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Forty-ninth Meeting
Montreal, 10-14 July 2006

Addendum

PROJECT PROPOSAL: INDIA

This document is issued to reflect the conclusions from the 26th Open-ended Working Group Meeting:

- **Replace** paras. 25 to 30 **with** the following:

25. The third question relates to the need to use 241 mt from stockpiles from 2004 when there is a reported over-supply of 560 mt in 2005. The calculation in the following table shows that there is no need to use stockpiles from 2004 because the gross CTC production in 2005 fully satisfied both the feedstock use sourced locally, and the reported sales for controlled use. There is still an oversupply of 801 mt.

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Table 5(bis)

	Level (mt)	Remarks
Gross production	17,433	Data from Verification report
Total feedstock use from local production and imports	30,772	Includes 64 mt for VCM production but exclude the 560 mt in stock increase, data from table 7 verification report
Feedstock from imports	15,646	Data from Verification report
Feedstock from local production	15,126	The difference between total feedstock use and imports
Reported sales for controlled use	1,506	Data from Verification report
Oversupply of CTC	801	Gross production – feedstock from local production – sales for controlled use

26. Seemingly, there is a contradiction of drawing down from the CTC inventory of the CTC producers while there is an oversupply of CTC in the overall inventory of CTC in India. The World Bank explained that most of the CTC stockpiles in the country were held by feedstock users and the domestic regulation allows only CTC producers to supply to the non-feedstock users and does not allow any resales of CTC held by feedstock users to non-feedstock markets or the CTC producers. Therefore, it is necessary for CTC producers to draw from their own inventory in order to meet the non-feedstock demand.

27. The fourth question relates to accounting for the 801 mt in the increased level of the CTC inventory in India for the year 2005. The discussion at the 26th Open-ended Working Group (OEWG) on the issue of treatment of ODS stockpiles for use in future years had some conclusions related to the situation in India. The OEWG stated that “First, the Meeting of the Parties could clarify that, in calculating production, a Party could earmark quantities for destruction, export or use as a feedstock in future years, provided that the Party concerned had in place a domestic system for ensuring that earmarked quantities were put to their intended uses”. “Third, quantities produced in excess of control limits could be registered through a reporting framework.” However, the OEWG also stated that “if subsidiary bodies of the Protocol faced situations related to stockpiling prior to the Eighteenth Meeting of the Parties, they should not take any irrevocable action until the Meeting had been able to provide guidance.”

28. The World Bank informed that the Government of India intends to use the 801 mt from the 2005 oversupply as feedstock in 2006 and will monitor the situation closely.

29. In the context of assessing India’s CTC production and consumption in 2005 against the targets in the Agreement, and following the current practice of the Ozone Secretariat in calculating ODS production and consumption, India’s CTC production and consumption levels in 2005 in each case was 2,307 mt (the sum of 1,506 mt + 801 mt), or 2,537 ODP tonnes as shown in the following table. They exceed the targets of 1,726 ODP tonnes (or 1,569 mt) as set in the Agreement in each case.

Table 6

Production	MT
Gross production	17,433
Quantities used for feedstock	
• Production	2,307
Consumption	
Production	2,307
Imports	0
• Consumption	2,307

- **Replace** para. 54(b) **with** the following:
 - (b) Determine whether the CTC phase-out plan had achieved the CTC production and consumption target for 2005 set out in the Agreement, in view of the 801 mt CTC stock increase in 2005 and in light of the discussions that took place during the 26th OEWG on 3-6 July 2006 on related issues;
