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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

**EXPORTS OF CFCS TO NON-ARTICLE 5 COUNTRIES FOR ESSENTIAL USE FOR
METERED DOSE INHALERS (MDI) AND PROCESS AGENT APPLICATIONS
APPROVED BY THE MEETING OF THE PARTIES**

(A request from the World Bank on behalf of the Government of China)

Note from the Secretariat

1. At the 44th Meeting, the Executive Committee approved the Agreement for the accelerated phase-out plan for CFCs, halons and CTC in China (APP) under bilateral cooperation project with the Government of the United States of America. Under the Agreement, China committed to a number of reduction targets on the consumption and production of the controlled substances covered by the Agreement, including limits on exports. The CFC section of Table 1: ODS phase-out targets from the Agreement is reproduced below:

Table 1

ODS Phase-out Targets

(ODP tonnes)	Baseline	2004	2005	2006	2007	2008	2009	2010
CFCs¹								
Montreal Protocol Reduction Schedule (Production)	47,004	47,004	23,502	23,502	7,050.6	7,050.6	7,050.6	0 ²
Montreal Protocol Reduction Schedule (Consumption)	57,819	57,819	28,910	28,910	8,673	8,673	8,673	0 ²
1. Max allowable CFCs production		25,300	18,750	13,500	7,400 ³	550	550	0 ²
2. Max allowable CFCs total consumption		25,300	18,750	13,500	7,400	550	550	0 ²
3. Max allowable CFC-11 consumption limit in PU Foam Sector		10,500	9,000	7,000	400	0		
4. Max. allowable net CFC exports ⁴		NL ⁵	NL ⁵	400	200	100	50	0

Note:

1. CFCs include Annex A Group I and Annex B Group I.
2. Except for essential uses as agreed by the Parties.
3. Production based on the MP plus 10% allowed for basic domestic needs.
4. Net exports defined as exports-imports.
5. Not limited (NL): No limits on export/import of CFCs.

2. With regard to the limit on maximum allowable net CFC exports in row 4 of the Table, the World Bank indicated in its request that these were limits on exports to Article 5 countries that China agreed to abide by and did not intend to include exports to non-Article 5 countries for essential uses for MDIs and process agent applications approved by the Meeting of the Parties to the Montreal Protocol. In 2005, China exported about 500 MT for MDIs and 400 MT for process agents, to those countries. Since there was no limit on CFC exports in 2005, the issue did not arise. However limits on exports are applicable starting in 2006, and judging from the trend in the past 2 years, these limits could affect availability of CFCs either for Article 5 countries for basic domestic needs or essential use exceptions and process agents in non-Article 5 countries.

3. The World Bank is requesting, on behalf of China, that China be allowed to exceed the limits on CFC production and exports set in the APP to enable it to continue supplying to non-Article 5 countries for essential uses for MDIs and process agent applications approved by the Parties, with the proviso that the overall CFC production and consumption should not exceed the allowed level under the Montreal Protocol (request of the World Bank attached).

4. The Executive Committee may wish to note the request of the World Bank and provide guidance on this matter.

