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EXECUTIVE COMMITTEE OF
THE MULTILATERAL FUND FOR THE
IMPLEMENTATION OF THE MONTREAL PROTOCOL
Twenty-eighth Meeting
Montreal, 14-16 July 1999

**REPORT OF THE TENTH MEETING OF THE EXECUTIVE COMMITTEE
SUBGROUP ON PRODUCTION SECTOR**

1. In accordance with Decision 27/82 the Subgroup on the Production Sector held its Tenth Meeting on 13 July 1999 on the margins of the Twenty-eighth Meeting of the Executive Committee. The Meeting was attended by representatives from Brazil, Canada, China, India, Italy and the United States of America. Representatives of the Fund Secretariat and the World Bank were also present.
2. The Meeting agreed to consider the following matters:
 - (a) **Election of Facilitator for the Subgroup**
3. The Meeting agreed to request Canada to continue to serve as the Facilitator for the Subgroup.
 - (b) **Government of China/World Bank request to release the second portion of the 1999 tranche**
4. In response to a request from the Government of China and the World Bank, the Subgroup reviewed the conditions to disburse the second US\$10 Million of the 1999 tranche for the implementation of the Agreement for the China Production Sector.

5. Consistent with paragraphs a and b in the Executive Committee's Agreement with China to phase out CFC production approved at the Twenty-seventh Meeting, and in order to facilitate timely implementation of that Agreement, the Subgroup on the Production Sector recommended that the 28th Meeting of the Executive Committee approve the remaining US\$10 million in the 1999 tranche for implementation of that Agreement. This approval would be with the understanding that disbursement of these funds by the World Bank would be contingent on a verification by the World Bank for the Executive Committee in accordance with the responsibilities of the World Bank in the Agreement demonstrating that the initial reductions required by the Agreement had been met. A report to this effect would be transmitted by the Bank through the Secretariat to the 14 members of the Executive Committee, with the understanding that disbursement of this US\$10 million would take place if no objection was received by the Secretariat within 15 business days of the dispatch of the report.

(c) India's discussion paper for reaching agreement on production sector compensation

6. The Subgroup heard a briefing by the representative of India on India's discussion paper which had been circulated by the Secretariat to the members of the Subgroup. While there was general appreciation of the progress demonstrated in the revised Indian proposal, the Subgroup did not feel ready to discuss the proposal in detail at this point in time. However, the representative from the United States of America agreed to work with the representatives of Italy and Canada to revise the proposal which they submitted to the Twenty-seventh Meeting of the Executive Committee in March 1999 (UNEP/OZL.Pro/ExCom/27/48/Corr.1, Part II C) after carefully considering the discussion paper submitted by India and, would circulate the revised proposal to members of the Subgroup in time so that the Subgroup could meet informally to review the proposal during the week of 26 September 1999 at the Earth Technologies Forum/Ad-hoc Group on the Replenishment Negotiation in Washington.

(d) Other matters

7. Finally the Subgroup was informed by the Chief Officer of the Secretariat that the technical audit of the halon production plants in India would be implemented in the last week of July, 1999.