



United Nations Environment Programme



Distr.
GENERAL



UNEP/OzL.Pro/ExCom/12/23/Add.1
25 March 1994

ORIGINAL: ENGLISH

Executive Committee of
the Multilateral Fund for the
Implementation of the Montreal Protocol

Twelfth Meeting
Montreal, 28-30 March 1994

Addendum

PROJECT PROPOSALS: CHINA

The Government of China requested the Fund Secretariat to circulate the attached remarks pertaining to the following projects:

- Zhongshan Fine Chemical Aerosol Filling Center (CFC-12 Submission Project).
- CFC-12 to HCFC-22 Plant Conversion at Shanghai Chlor-Alkali Chemical Co.

国家环境保护局

CHINA NATIONAL ENVIRONMENTAL PROTECTION AGENCY

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FAX TRANSMISSION

Sign and Issue

Date 24/3/94

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Total Number of Pages 3 (Including This Cover Page)

March 23, 1994

Dear Mr. Arini:

Please find the attached remarks on Zhongshan Fine Chemical Aerosol Filling Center Project and CFC-12 to HCFC-22 Plant Conversion at Shanghai Chlor-Alkali Chemical Co. Project. These two remarks were formulated based upon careful review of your comments on these two projects and full discussion with the ministries concerned. I would appreciate you could pay more attention to these remarks and take the two projects into reconsideration. And if possible, I would like the copy of the remarks available to each participant of the forth meeting.

Mr. Hu Shaofeng is nominated to be co-opted in Malaysia delegations to take part in the 12th meeting of the Executive Committee. I hope he could bring good news back.

With best regards.

Sincerely yours,

Wang Yangzu
Deputy Administrator

Remarks on the CFC-12 to HCFC- 22 Plant Conversion
Project at Shanghai Chlor-Alkali Chemical Co.

1. This project was developed based on China's CP. Following this project, there will be six industrial/commercial Refrigeration projects, which are now in progress, to be submitted for approval that will depend on SCAC for HCFC-22 supply. Deferring this project may affect the above six projects. And finally, it will hold up the programme about phase-in of the low-ODP substitutes (such as HCFC-22) which was clearly stated in China's CP.

2. This project will eliminate the CFC-12 production for more than 6,000 tons per year, and is the first CFC production phaseout project. Furthermore, the project eligibility is not an issue, there is no reason to delay the project process.

3. With the assistance of implementing agencies, China has initiated development of the strategy for the chemical production sector. Before the SCAC project will be formally submitted to EC, China assures the strategy will be completed by that time.

4. The Government of China insists that the phase-out of CFC production must be paralleled with the establishment of production of substitutes, i. e. no establishment of substitute production, no phaseout of CFC production. Otherwise, the national economy of China will be damaged.

5. We need EC to provide guidance for us to complete preparation of such production project. Before the guidance is available, there are confusions that need to be clarified. The EC should encourage the Article 5 countries and the implementing agencies to approach the subject based on specific cases, not simply defer the process.

6. The Government of China requests the EC should grant permission-to-proceed for the above project.

Remarks on Zhongshan Fine Chemical Aerosol Filling Center Project

1. The Chinese Government has undertaken, as stated in the CP, the phase out of CFCs in the aerosol industry (except medical products) by 1997. As a part of the constitution of the commitment, the implementation of the Zhongshan Project is very important.

2. Recently, the aerosol industry has developed rapidly in China. Due to the lack of qualified LPG for producing HAPs in South China, it is necessary to conduct the production of DME.

3. Based upon the considerations and the Secretariat's Comments, the Chinese side will undertake the financing of the DME production in order to implement this project as soon as possible. The Zhongshan Project will be changed to refine the crude DME; to retrofit three automatic and two semiautomatic filling machines; to construct buildings and provide quality control and safety equipment and training; and to provide facilities for storage, transportation and distribution.

4. After the changes, the investment and the operating cost will be changed accordingly, and the incremental cost will be USD 1,448,000. The phase out of CFC-12 remains 6,590 tons/year unchanged. The cost effectiveness will be changed to 0.22 USD/Kg of CFC-12 phased out.

5. After the changes, with better cost effectiveness, the constitution of the Project will be similar to that of Shanghai and Tianjin Aerosol Project which have been approved.

6. The Chinese Government requests the approval of this project in this EC meeting based upon the changed proposal, in order to achieve the target of phasing out 6,590 tons of CFC-12 as early as possible.