

Annex VI

AGREEMENT BETWEEN CHINA AND THE EXECUTIVE COMMITTEE FOR THE NATIONAL METHYL BROMIDE PHASE-OUT PLAN

1. At its 44th Meeting, the Executive Committee:
 - (a) Approved in principle the national plan for the phase-out of methyl bromide in the consumption sector in China at a total level of funding of US \$14,789,342 (US \$10,789,342 for UNIDO and US \$4,000,000 for the Government of Italy) plus agency support costs of US \$1,279,201 (US \$809,201 for UNIDO and US \$470,000 for the Government of Italy); and
 - (b) Noted that the amount approved in principle included US \$4,086,600 plus agency support costs of US \$306,495 that was previously approved for UNIDO at the 41st Meeting to phase-out of 389 ODP tonnes of methyl bromide as the first tranche of a future national plan for the phase-out of methyl bromide in the consumption sector in China.
2. As reported to the Ozone Secretariat and consistent with information in the project document presented to the Executive Committee, the methyl bromide baseline consumption for China is 1,102.1 ODP tonnes. China's methyl bromide consumption in 2002 was 1,087.8 ODP tonnes. Accordingly, China must reduce its consumption of methyl bromide in 2005 to no more than 881.7 ODP tonnes to achieve compliance with the Montreal Protocol's 20 per cent reduction in 2005.
3. Through the implementation of the national plan for the phase-out of methyl bromide in the consumption sector, the Government of China commits to a permanent reduction in aggregate consumption of controlled uses of MB to no more than the levels indicated in Table 1:

Table 1

Year	Amount of methyl bromide to be phased-out (ODP tonnes)			Maximum allowable level of consumption (ODP tonnes)*
	Total	UNIDO	Italy	
2002	0.0	0.0	0.0	1,087.8
2003	0.0	0.0	0.0	1,087.8
2004	0.0	0.0	0.0	1,087.8
2005	207.8	207.8	0.0	880.0
2006	156.2	156.2	0.0	723.8
2007	153.2	65.2	88.0	570.6
2008	180.6	124.6	56.0	390.0
2009	140.0	0.0	140.0	250.0
2010	41.0	0.0	41.0	209.0
2011	33.0	0.0	33.0	176.0
2012	26.0	0.0	26.0	150.0
2013	50.0	0.0	50.0	100.0
2014	50.0	0.0	50.0	50.0
2015	50.0	0.0	50.0	0.0
Total	1,087.8	553.8	534.0	

*Excluding any exemptions for quarantine and pre-shipment applications and critical uses.

4. The Government of China has reviewed the consumption data identified in this project and is confident that it is correct. Accordingly, the Government is entering into this agreement with the Executive Committee on the understanding that, should additional methyl bromide consumption be identified at a later date, the responsibility to ensure its phase-out will lie solely with the Government of China.

5. China also commits to permanently sustain the consumption levels indicated above through import restrictions and other policies it may deem necessary. UNIDO and the Government of Italy shall report annually to the Executive Committee on the progress respectively achieved in meeting the reductions required by the project.

6. In exchange for the funding level specified in Table 2 below, China commits to eliminate its total national consumption of controlled uses of methyl bromide in accordance with the limits specified in Table 1 above, with the understanding that a subsequent year's funding will not be disbursed until the Executive Committee has favourably reviewed the prior year's progress report:

Table 2.

Year	Funding disbursement (US\$)						
	UNIDO		Italy		Total		
	Project cost	Support cost	Project cost	Support cost	Project cost	Support cost	Grand total
2003*	4,086,600	306,495			4,086,600	306,495	4,393,095
2004							
2005			4,000,000	470,000	4,000,000	470,000	4,470,000
2006							
2007	1,200,000	90,000			1,200,000	90,000	1,290,000
2008	1,800,000	135,000			1,800,000	135,000	1,935,000
2009	1,300,000	97,500			1,300,000	97,500	1,397,500
2010	600,000	45,000			600,000	45,000	645,000
2011	500,000	37,500			500,000	37,500	537,500
2012	500,000	37,500			500,000	37,500	537,500
2013	500,000	37,500			500,000	37,500	537,500
2014	302,742	22,706			302,742	22,706	325,448
Total	10,789,342	809,201	4,000,000	470,000	14,789,342	1,279,201	16,068,543

* Fund approved at the 41st Meeting of the Executive Committee.

7. The Government of China, in agreement with UNIDO and the Government of Italy, will have the flexibility to organize and implement the project components that it deems most important in order to meet the methyl bromide phase-out commitments noted above. UNIDO and the Government of Italy agree to manage the funding for the project in a manner designed to ensure the achievement of the specific methyl bromide reductions agreed upon. UNIDO and the Government of Italy shall also report back to the Executive Committee annually on the progress in meeting the reductions required by this project.

8. The funding components of this agreement shall not be modified on the basis of future Executive Committee decisions that may affect the funding of any other methyl bromide consumption sector projects or any related activities in China.