

Annex II

REPORT OF THE SUB-COMMITTEE FOR THE REPORT ON
THE REVIEW UNDER PARAGRAPH 8 OF ARTICLE 5
OF THE MONTREAL PROTOCOL

1. Pursuant to a decision of the Executive Committee at its Thirteenth Meeting, the Sub-Committee for the Report on the Review under Paragraph 8 of Article 5 of the Montreal Protocol was convened at the headquarters of the United Nations Environment Programme in Nairobi, on 28 September 1994. The meeting was chaired by Mr. John Whitelaw (Australia) and was attended by representatives of Australia, Brazil, Denmark, India, United States of America and Venezuela.
2. Following a short closed session, the Sub-Committee heard a brief presentation by representatives of the Consultant of the latter's preliminary draft report (UNEP/OzL.Pro/ExCom/14/5). The members of the Sub-Committee then posed a number of questions regarding the report, which were answered by the representatives of the Consultant.
3. The Sub-Committee agreed that the report was basically a good one, but decided to instruct the Consultant to make the following changes:
 - (a) To explain how the model simulates the initiation of projects;
 - (b) To prepare an additional table for the 98 model projects showing figures for ODS use, capital costs, operating costs, duration of operating costs and Unit Abatement Costs. Copies of model projects will be provided to Executive Committee members upon request;
 - (c) To clarify Exhibit 4-5 showing the amount of consumption projected for countries without country programmes;
 - (d) To include an additional column in the tables to reflect actual costs defined in all aspects as identical to the real resource costs with one exception, namely, that rising ODS prices shall be assumed, and to include explanatory text on how prices were forecast;
 - (e) To incorporate the key information given by the Consultant to the meeting in the next version of the report;
 - (f) To insert an amount of US\$ 700 million corresponding to the mid-point in the range given for production phase-out costs in the column of Fund costs; the sum to be included pro rata over the number of years remaining until the target phase-out date;

- (g) To make the best possible effort to determine the fraction of ODS consumption in developing countries that is used for export to countries not operating under Article 5 and to calculate the reduction in real resource costs and the actual costs as defined by the Sub-Committee as a result of these exports;
- (h) To develop explanatory material on chlorine loading factors in the Consultant's report and the Executive Summary;
- (i) To amplify paragraphs 202, 207 and 236 of the Consultant's report;
- (j) To summarize all major policy assumptions in one section of the Consultant's report and clarify that the assumptions contained therein should not prejudice any future policy decisions of the Executive Committee;
- (k) To provide a table of operating costs and capital costs by sector;
- (l) To provide explanatory text on technology forecasting as presented in Exhibit F.
- (m) To include in the Executive Summary and the body of the report:
 - (i) Reference to the difficulty in forecasting rising prices of ODS, and
 - (ii) The substantial sensitivity of projected costs to variations in ODS prices.
- (n) Provide details of assumptions used to determine the operating life of each type of refrigeration and air-conditioning equipment used in the Consultant's models.

4. The Sub-Committee further decided that, in view of the need for continuity in its work, its Chairman should request the Executive Committee not to alter the composition of the Sub-Committee until the Consultant had completed its mandate.

5. The Chairman declared the meeting closed at 6.45 p.m.
