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Progress for compliance with the Montreal Protocol for the Protection of the Ozone Layer in Latin America and the Caribbean, as at 31 January 2000

I. Presentation

1. The purpose of this report is to provide up-to-date information on the status of the compliance with the Montreal Protocol in the Latin America and the Caribbean region, especially concerning reporting requirements, reduction of CFCs consumption and control of ODS imports and exports.
2. The information contained here is based on the discussions and results of the 1999 network meetings of the ozone officers, about the progress made regarding several commitments as Protocol, including barriers encountered, lessons learned and further needs. Likewise, the report includes the results of the "Trend Analysis of CFC Consumption in Developing Countries", as well as information from the Ozone Secretariat on ODS data reporting and the Multilateral Fund Secretariat on submission of the progress reports under CPs. This report is intended to provide decision-makers with insight on the progress achieved and further action needed to fulfill the commitments referred, it does not provide an official categorization of countries in compliance or non-compliance.

II. Data reporting on consumption of ozone depleting substances (Article 7)

3. Data on the production and consumption of ozone depleting substances (ODS) are literally the cornerstones that underpin the entire Montreal Protocol process: without reliable and timely data provided by all Parties, decision-makers at the national, regional and international levels could not formulate appropriate control measures, devise realistic phase-out strategies, or provide the necessary financial and technical assistance required by developing countries. The accurate, timely, and comprehensive reporting of data has therefore emerged as one of the key issues facing the Protocol today.
4. Recognizing this, the Parties at their Ninth Meeting (Montreal, 15-17 September 1997) emphasized the importance of reporting data and the need for all Parties to give it greater consideration. Data reporting is crucial for all Parties, not only for fulfilling their external obligations under the Protocol and its Amendments, but also internally for verifying their position vis-à-vis their national strategies to phase out ODS. It should therefore be viewed as a useful tool, not simply as a requirement.
5. Reliable data reporting is particularly crucial for Article 5 countries, which are now facing their first control measure: the freeze in their consumption and production of Annex A CFCs at their 1995-1997 levels by 1 July 1999. Soon after, by 1 January 2002, the next freeze targets will come into effect for halons and methyl bromide, and subsequent control measures requiring further consumption reductions will follow.
6. All Parties to the Montreal Protocol are requested to annually report the data related to the previous year to the Ozone Secretariat by 30 September of each year. During the most recent Meeting of the Parties to the Montreal Protocol, the improvement in the timely submission of data in accordance with Article 7 was noted (Decision XI/24), as was the fact that data collection on ODS sectors is important in assisting a Party to meet its obligations under the Protocol. The countries in the LAC region which have fully complied with their reporting requirements for the period 1986-1998 are: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Peru, St. Lucia, St. Vincent and the Grenadines, Trinidad and Tobago, Uruguay and Venezuela.

7. Countries pending submission of reports are: Bolivia, year 1998; Dominica, year 1998; Grenada, years 1986, 1989, 1993, 1994, 1995, 1996, 1997 and 1998; Guatemala, year 1998; Paraguay, years 1986, 1989, 1993, and 1994; St. Kitts and Nevis, year 1998; Suriname, years 1986, 1995, 1996, 1997 and 1998. Most countries pending submission of reports have stated that the dispersion of data over several ministries, the lack of sufficient resources to gather and calculate widely spread information and the multiple tasks of Ozone Officers, who more than often are in charge of several environmental issues at the time, have contributed to the delays in data reporting. Other difficulties encountered are the lack of co-ordination with Customs and the private sector's reticence to submit data. Some countries have requested the support of UNEP and the Networks to obtain advise on existing processes for the identification of substances. Gathering, verifying, correcting and updating of consumption data, not only to comply with these reporting requirements, but to ensure accuracy of data originally indicated in the Country Programme, are some of the most time and resources-consuming activities. In any case, the countries have acknowledged the importance of timely submission of reports and its key relationship with the devising of projects that actually contribute to their phasing-out goals.

III. The 1999 freeze for CFC consumption

8. It is widely recognized that in order for technical projects to eliminate, reduce or recycle ODS to succeed, the proper policy framework is required. The need for developing countries to design, implement and enforce effective regulatory, legislative and policy frameworks to support their ODS phase-out is accorded urgent priority by the Parties to the Protocol, especially in light of the first control measure that applies to developing countries - the pending 1999 freeze in consumption and production of Annex A CFCs by developing countries that are Parties to the Protocol. Prior to all decisions to be taken, an accurate knowledge of the consumption patterns of all countries seems to be a prerequisite.

9. There are thirty-two countries in Latin America and the Caribbean that have ratified the Montreal Protocol and that are categorized as Article 5 countries: Antigua and Barbuda, Argentina, Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay and Venezuela. Suriname is temporarily categorized as operating under Article 5.1 of the Montreal Protocol. Haiti is the only country that has not ratified the Protocol as yet.

10. According to the Ozone Secretariat's information on ODS Data Reporting for 1986-1998, dated October 1999, out of the thirty-two countries implied, only two are pending submission of reports for the 1995-1997 period, needed to calculate their Annex A (CFCs) baseline consumption: Grenada and Suriname. In this regard, UNEP is already providing assistance the the countries for the formulation of their Country Programmes.

11. Consumption data as reported for the year 1998 shows that 18 countries (Argentina, Brazil, Chile, Colombia, Costa Rica, Cuba, Dominican Republic, Ecuador, El Salvador, Guyana, Honduras, Mexico, Nicaragua, Panama, Paraguay, Saint Lucia, Uruguay and Venezuela) are already below their baseline consumption level. According to UNEP's "Trend Analysis of ODS consumption for Developing Countries" (October 1999), the countries in the LAC region which are regarded as "certain" to comply with the freeze are: Argentina, Brazil, Chile, Colombia, Costa Rica, Dominican Republic, El

Salvador and Guyana. Under category of being "likely" to meet the freeze are: Antigua and Barbuda, Ecuador, Honduras, Mexico, Panama, Paraguay, St. Lucia and Uruguay. Nevertheless, Honduras has expressed its concern about meeting the freeze and would like further financial support from the Multilateral Fund; likewise, Mexico is working on a total phase-out initiative, but has indicated that its implementation might be complicated due to the lack of financing for specific activities, such as projects for end-users and due to delays in the approval of their Refrigerant Management Plan (RMP) and difficulties foreseen shall a different financial mechanism be put in place, such as concessional lending. On the other hand, Uruguay claims that their CFC consumption for 1998 proves that the country has already achieved the freeze goal, thus it should be placed under the "certain" to comply category.

12. Countries UNEP consider being "on the edge" to meet the deadline are: Bahamas, Barbados, Bolivia, Cuba, Dominica, Guatemala, Jamaica, Nicaragua, Peru, St. Kitts and Nevis, St. Vincent and the Grenadines, Trinidad and Tobago and Venezuela. Both St. Kitts and Nevis and St. Vincent and the Grenadines have expressed what seems to be a common perception, which is that illegal trade and the lack of effective enforcement mechanisms in the legal scheme hinder the countries' expectations to meet the freeze goal. Cuba, Peru and Venezuela have expressed their disagreement in being categorized "on the edge" and claim that their reported data shows that they should be considered under the "certain" category. Countries such as Nicaragua and Guatemala have identified the red-tape processes to reach governmental and private organizations, and the lack of effective record-keeping as one of the main difficulties encountered to monitor and support the freeze. In addition to the above, Guatemala has mentioned that very few enterprises import alternative substances for R-12. Dominica also faces the problem of scarce availability and high cost of alternative substances; in any case, the country has stated its commitment to early phase-out. Trinidad and Tobago recently pointed out that recovery activities is well underway, but there is little demand for recycling because the price of virgin CFCs remains too low.

13. It is important to note that at the recent Meeting of ODS Officers of the English-speaking Caribbean countries (December 1999), the countries in this situation ("on the edge") stated that the increase in the demand and consumption of CFC is due to stock-piling in preparation for the freeze. Barbados has put forward extensive comments regarding its ability to meet and maintain the freeze levels, including the need to hold discussions with the Ministry of Finance and local distributors of refrigeration equipment to find ways to make reclamation equipment more affordable. The country has also acknowledged the key relationship between licensing systems and the freeze, for which they are working on draft legislation, although the process has been slow.

14. The status of the following countries is uncertain due to a wide variety of reasons: Belize (Country Programme and RMP pending implementation), Grenada (data collection is still pending), and Suriname (no data has been reported, but the country has officially applied for assistance and its Country Programme and RMP should soon start the drafting process).

15. It should also be noted that it is the shared perspective of the countries throughout the region that the estimated amount to finance non-investment projects, which are vital to the successful implementation of the Montreal Protocol and compliance with the commitments of Article 5 countries (including the freeze), is deficient. Furthermore, the common appreciation is that those countries whose activities are at an initial stage within the context of the implementation of the Montreal Protocol must be supported in the understanding that the relevance of sustaining the freeze momentum is closely related to the approval and execution of

investment projects. In the same respect, the countries have stressed the need to increase financial assistance for the feasibility of project implementation.

IV. Establishment of a licensing system to control and monitor ODS consumption

16. In 1997, the Meeting of the Parties to the Montreal Protocol agreed that each Party should adopt a licensing system for the import and export of new, used, recycled and reclaimed controlled ODS by 1 January 2000. Exemptions were made for developing countries who can delay the establishment of such a licensing system for methyl bromide until January 2002 and for HCFCs until January 2005. During the most recent Meeting of the Parties to the Montreal Protocol, it was agreed (Decision XI/24) to urge all Parties to introduce licensing systems in accordance with the provisions of Decision IX/8 and Article 4B of the Protocol to facilitate accuracy in data submission under Article 7.

17. The actual situation of Latin American and Caribbean Countries in setting up control procedures on imports/exports of ODS or on licensing systems has remarkably improved. Many countries have been focused on the freeze objective, but most of them have also dedicated time and effort to be active in their legislation to monitor the trade of ODS.

18. The countries in the LAC region where the implementation of a licensing system is ongoing, even if not for all ODS, are: The Bahamas, Brazil, Cuba, Dominican Republic, Grenada, Jamaica, Mexico, Nicaragua, Panama and Venezuela. In Cuba the licensing system controls both imports and exports of ODS and ODS-containing equipment and ODS-using technologies. Dominican Republic controls imports and prohibits the emissions of CFC-12. In Jamaica and Mexico only imports are being controlled; the former country does not export ODS, while in Mexico the governmental authorities (Ministry of Trade) sees the initiative of controlling exports as a hindrance to free trade agreements. Imports control systems are already in force in Brazil, Nicaragua and Panama. In The Bahamas the import and export legislation is drafted and in force as of 2000. The latter is also valid for Venezuela, where the production, imports and exports of ODS-using products is prohibited as of January 2000. In this country the decree is being challenged by some private companies whose interests are being threatened, but the National Ozone Unit is already searching for legal and judiciary advice to enforce the law.

19. Countries that have taken significant legislative measures to monitor and control imports and exports of ODS and where the import controls are drafted but are pending government agreement and/or implementation include Antigua and Barbuda, Barbados, Guyana, Honduras, Paraguay, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines and Trinidad and Tobago.

20. Other countries where the implementation of a licensing system is soon to be started are: Argentina, Belize, Bolivia, Chile, Colombia, Costa Rica, Ecuador, El Salvador, Guatemala, Peru and Uruguay. Argentina and other countries in the region have pointed out the need for ODS-detecting equipment in customs. In Belize the installation of an ODS manufacturing facility has already been prohibited, and further legislation will be implemented once the Country Programme and the RMP are underway. Bolivia and Guatemala face some difficulties regarding data inconsistencies, but in Bolivia a ban is in place on the imports of CFC-containing refrigerators, whereas Guatemala has drafted legislation, which is pending approval. Chile has identified the need for more co-ordination with the Implementing Agencies for its RMP. On the other

hand, countries like Colombia, Ecuador and El Salvador face a rather slow red-tape process; moreover, Colombia is undergoing major changes in the governmental structures, thus the signing of a draft resolution has slowed down. Costa Rica relies on taxes on ODS imports and an authorization system for the import/export of controlled substances. Peru has required assistance to develop the proper legal framework for the issuance of legislation and further training to customs. Finally, Uruguay is still working on the draft for a decree to be submitted for approval by the ministries.

21. The two countries where no activities have been undertaken to define a licensing system are: Dominica and Suriname (the latter temporarily categorized as an Article 5 (1) country). According to Dominica's reports, no ODS are manufactured nor re-exported from this country. Recommendations have been made to restrict imports of ODS-using equipment and to establish an import license and permit system which shall include import taxes and a monitoring system for imports and consumption. The main difficulties encountered though are the lack of integration amongst stakeholders and financial, human resources and technical constraints within the Environmental Coordinating Unit. As of Suriname, the newly appointed Ozone Officer recently mentioned that the main drawbacks of the Office are the lack of resources and shortage of staff; he is also interested in being provided additional support and advice from both UNEP and other members of the Network.

22. Among the main difficulties encountered in the implementation of a licensing system in most countries, the hindrances to keep constant contact with government authorities, achieve closer co-ordination with institutions and raising awareness of governmental officers (i.e. politicians, attorney generals, permanent secretaries and other is the legislative process), stand out.

23. It is a common perception in the region that stronger efforts are needed to raise the awareness of decision-makers at the ministerial levels, for which support provided by non-governmental organizations and international organizations (e.g. UNEP) has proved to be extremely useful. Significant needs in this regard also include further funding from the Multilateral Fund combined with a maximization of already available resources, improved co-ordination with Implementing Agencies and more customs training projects.

24. In those countries that have succeeded or are close to the establishment and implementation of licensing systems, negotiation and outreach activities have proved useful in accelerating the red-tape process to reach cabinet and pass decrees. It has also been learned that not only licensing systems are needed, but moreover, enforcement mechanisms to ensure the successful functioning of such systems.

V. Country programme implementation reports

25. Data reporting by developing countries to the Fund Secretariat enables the Multilateral Fund to assess the success of its efforts to support a smooth ODS phase-out in developing countries. It also provides the basis of planning the future activities of the Multilateral Fund including the efficient allocation of resources among the parties. All Article 5 Parties whose Country Programmes have been approved by the Executive Committee of the Multilateral Fund must submit their annual data reports to the Fund Secretariat by 1 May of each year, which have to contain data related to the previous year.

26. Countries in the region which have fully complied with their reporting requirements before the Multilateral Fund Secretariat including 1998 (reports due by 1 May of each year), are: Antigua and Barbuda, Argentina, Belize, Colombia, Cuba, Dominica,

Dominican Republic, El Salvador, Guyana, Honduras, Jamaica, Nicaragua, Paraguay, Peru, St. Vincent and the Grenadines, Trinidad and Tobago, Uruguay and Venezuela. Countries pending submission of reports for one or more years are: Bahamas, Barbados, Bolivia, Brazil, Chile, Costa Rica, Ecuador, Grenada, Guatemala, Mexico, Nicaragua, Panama, St. Kitts and Nevis and St. Lucia. It is important to note that the Ozone Officers have continuously expressed their distress regarding the duplicity of information requests. Some of the Officers were confused and could not tell the difference between the reports to be submitted to the Ozone Secretariat and the ones required to be submitted to the Multilateral Fund Secretariat.

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