

PROVISIONAL AGENDA OF XXXVIII MEETING OF THE EMPOWERED STEERING COMMITTEE FOR IMPLEMENTATION OF THE MONTREAL PROTOCOL

- Date** : 2nd September, 2013
- Time** : 3.00 P.M.
- Venue** : Room No 403 (Conference Room),
Ministry of Environment & Forests
Paryavaran Bhawan,
CGO Complex,
Lodhi Road,
New Delhi – 110 003
- Item No. 1** : Adoption of the Agenda
- Item No. 2** : Confirmation of Minutes of XXXVII Meeting of the Empowered Steering Committee (ESC).
- Item No. 3** : Action taken on decisions of the XXXVII ESC.
- Item No. 4** : Progress of Implementation status of the Projects.
- a) CFC Production Sector Gradual Phase-out.
 - b) National CTC Phase out Plan.
 - c) National Strategy for Transition to Non-CFC MDIs and Plan for Phase-out of CFCs in the Manufacturing of Pharmaceutical MDIs in India
 - d) HCFC Phase-out Management Plan (HPMP) Stage-I
- Item No. 5** : Consideration of the applications received for Duty Exemption in respect of new or expanded activities with non-ODS technology.
- Item No. 6** : Submission of Article 7 Data.
- Item No. 7** : Draft Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2013.
- Item No. 8** : Organization of the International Day for the Preservation of the Ozone Layer.
- Item No. 9** : Any other matters with permission of the Chair.

ANNOTATED AGENDA OF XXXVIII MEETING OF THE EMPOWERED STEERING COMMITTEE FOR IMPLEMENTATION OF THE MONTREAL PROTOCOL

Item No. 1 : Adoption of the Agenda

The provisional agenda may be adopted.

Item No. 2 : Confirmation of Minutes of XXXVII Meeting of the Empowered Steering Committee (ESC).

Minutes of the XXXVII Meeting of the ESC held on 6th June, 2012 were circulated to all the Members (**Annex-A, pages 1-9**). Subsequently The Confederation of Indian Industry (CII) has sent comments on Agenda Item No. 8 regarding formulation of policy on import of blends containing HCFC-22 and may be seen at **Annex-B, pages 10-12**.

Item No. 3 : Action taken on decision of the XXXVII ESC.

S. No	Decision taken in XXXVII ESC	Action taken on the decision
1.	Agenda Item No. 3: Study on Socio-economic impact of CFC phase-out on Indian Industry, with particular emphasis on the issues of concern to Small and Medium Enterprises (SMEs).	<p>The XXXVII ESC has recommended to carry out a Study on Socio-economic impact of CFC phase-out on Indian Industry, with particular emphasis on the issues of concern to SMEs. Based on the recommendations of the XXXVII ESC, bids were invited to carry out the study and a Committee was constituted for evaluating the proposals received against the advertisement and for recommending a suitable agency to conduct the study. The Committee recommended M/s. Consultancy Development Centre to carry out the above said Study.</p> <p>It may be mentioned that the production and consumption of CFCs have already been phased out from 1st January, 2010 globally. India took a proactive action and accelerated the phase-out of production and consumption of CFCs from 1st August, 2008, 17 months ahead of the agreed Montreal Protocol phase-out schedule.</p> <p>All the targets have been met successfully except a small part of the Technical Assistance (TA) component which is being implemented with the remaining funds of Rs. 7 lakhs for the remaining project related activities.</p>

		<p>It may be mentioned that use of CFCs by all the enterprises including SMEs was ceased and the enterprises switched over to non-CFC technologies more than 5 years back with the technical and financial assistance of the Multilateral Fund (MLF) for the Implementation of the Montreal Protocol. Moreover, funds are not available for the proposed study of socio-economic impact of phase-out of CFCs on Indian Industry.</p> <p>Keeping in view that the Indian Industry had successfully switched over to non-CFC technologies with financial and technical assistance from the MLF and also the proposed study is very expensive and funds are not available, it may not be possible to carry out a Study on Socio-economic impact of CFC phase-out on Indian Industry.</p>
2.	<p><u>Agenda Item No. 4(a)-</u> CFC Production Sector Gradual Phase-out : The ESC advised to issue necessary directions to the unit to dispose off the contaminated / unutilized stocks of CFCs within a specific timeframe at their costs and also provide them necessary technical help and guidance as necessary.</p>	<p>The necessary instructions were issued to M/s Navin Fluorine International Ltd (NFIL) & M/s SRF Ltd. for the disposal off contaminated/unutilized stocks of CFCs by the Ozone Cell, MoEF.</p> <p>M/s NFIL Ltd. have already incinerated all the contaminated / unutilized CFCs in most environmentally safe manner by way of cement kiln co-processing in association with M/s ACC Limited. Also M/s SRF Ltd. with the cooperation of M/s EQMS India Pvt. Ltd. has incinerated all the unutilized CFCs. The Ozone Cell not only provided technical guidance but also facilitated the process for incineration. The Ex-Com of the MLF has approved the second and final tranche of US \$1.057 million which is being released to the Producers by the World Bank.</p>
3.	<p><u>Agenda Item No. 6:</u> Consideration of application received for Duty Exemption in respect of new or expanded activities with non-ODS technology.</p>	<p>The XXXVII Meeting of the ESC decided that the Technology & Finance Standing Committee (TFSC) should formulate an improved method that will reduce or eliminate discretion in the decision-making of granting duty exemption.</p> <p>The present term of TFSC is expiring in September, 2013; the new TFSC is being reconstituted to include professionals and experts with relevant expertise and experience.</p>

4.	<u>Agenda Item No. 8(I).</u> Formulation of policy regarding import of blends containing HCFC-22	A draft Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2013 have been published in the Gazette of India in May, 2013 after due approval by the Hon'ble Minister for Environment and Forests and vetting from the Ministry of Law and Justice. The draft amendment rules prohibit the issuance of license for import of blends containing ODSs including Group VI substances (HCFCs). In accordance with the approved draft amendment of ODS Rules, an Office Order was issued to the Directorate General of Foreign Trade (DGFT), Ministry of Commerce which includes prohibition of issuance of license for import of blends containing ODSs including Group VI substances (HCFCs).
5.	<u>Agenda Item No. 8(II) :</u> <u>Application of M/s. Dolphin Trading Company, New Delhi for import of HFCs</u> XXXVII ESC decided that as HFCs do not fall within the purview of the Montreal Protocol and comes under Open General License (OGL), such proposals may not be forwarded to MoEF for its recommendations by the DGFT. A suitable communication in this regard will be sent by Ozone Cell to DGFT.	The Ozone Cell, MoEF has informed the DGFT not to refer the proposals received for import of HFCs and HFC blends for recommendation by the Ozone Cell, MoEF as these are not ODSs and are listed under OGL. It may be mentioned that no such proposals are received from the DGFT.

Item No. 4 : Progress of Implementation Status of the Projects

a) CFC Production Sector Gradual Phase-out.

The Executive Committee (Ex-Com) of the MLF in its 29th meeting held from 24-26 November, 1999 approved the India's CFC Production Sector gradual phase-out project for total grant amount of US \$82 million to phase-out 22,588 MT of CFC Production. The World Bank is the lead Implementing Agency for the implementation of this Project. Subsequently, India in consultation with the CFC producers had agreed to accelerate the phase out of

production of CFCs. The 54th Ex-Com held in April, 2008, approved the proposal of India to phase-out production of CFCs with accelerated schedule with effect from 1st August, 2008 with an additional funding of US \$3.17 million to the producers. Accordingly, an Agreement for the Accelerated CFC Production Phase-out (ACPP) project was signed between India and the Ex-Com, as approved at the 56th meeting of the Ex-Com held in November, 2008.

India has successfully implemented CFC Production Sector gradual phase-out and the ACPP project. The production of CFCs was ceased from 1st August, 2008, 17 months ahead of the Montreal Protocol Schedule and met all the terms and conditions of ACPP agreement between India and the Ex-Com of the MLF.

The Ex-Com of the MLF has approved the release of funds of US \$3.17 million in three tranches to the World Bank, the lead implementing agency for the production sector for disbursement to the four producers as approved by the Ex-Com (1st tranche of US \$2.113 million, approved at the 59th Ex-Com which has already been disbursed; the second tranche of US \$1.057million, approved in two installments, US \$739,900 and US \$317,000, are being disbursed to the producers by the World Bank).

b) National CTC Phase out Plan.

The Ex-Com of the MLF at its 40th meeting held in July 2003 approved the National CTC Phase out Plan at a total funding level of US \$52 million to phase-out 11535 ODP tons of CTC production and 11525 ODP tons of CTC consumption by 31st December 2009. This includes US \$10 million under the bilateral assistance program with the Governments of Germany, France and Japan contributing US \$2 million, US \$3 million and US \$5 million respectively. The World Bank is the lead Implementing Agency, the Governments of Germany, France, Japan and UNIDO are cooperating agencies for implementation of the National CTC production and consumption phase-out activities. Besides, UNDP on behalf of Government of Japan is responsible for executing conversion activities in large and medium metal cleaning sub-sectors.

The National CTC Phase-out Plan for Production and Consumption Sector has been successfully implemented.

The production and consumption of CTC for non-feedstock applications have been successfully phased out with effect from 1st January, 2010 as per the Montreal Protocol Schedule. As per the audit verification for the calendar year 2011, carried out in May, 2012 by an independent auditor, appointed by the World Bank, the lead Implementing Agency, the production and consumption of CTC for non-feedstock applications was zero for the calendar year 2011.

It may be mentioned that CTC will be continued to be co-produced during the production of chloromethane in the country. The CTC, co-produced is used only for feedstock as allowed under the Montreal Protocol. Some technical assistance activities, including awareness and monitoring of production and consumption to sustain the phase-out of consumption of CTC will continue till 2013.

c) National Strategy for Transition to Non-CFC Metered Dose Inhalers (MDIs) and Plan for Phase-out of CFCs in the Manufacturing of Pharmaceutical MDIs in India.

The National Strategy for Transition to Non-CFC MDIs and Plan for Phase-out of CFCs in the Manufacturing of Pharmaceutical MDIs in India by 2013 was approved at the 56th meeting of the Ex-Com held during 8-12 November, 2008 with a total funding of US \$10.2 million. The UNDP is the lead Implementing Agency.

The National Strategy for Phase-out of Pharmaceutical Grade CFCs in Manufacturing of MDIs is being implemented successfully by the UNDP as lead Implementing Agency in close cooperation with Ozone Cell, MoEF, Ministry of Health and Family Welfare (MoHFW) and MDI manufacturers. Indian MDI manufacturers are producing and marketing only CFC-free MDIs with due approval of MoHFW.

Indian MDI manufacturers converted CFC based MDIs to CFC-free with an accelerated phase and ceased use of CFCs in manufacturing of MDIs in 2010. The EUN for obtaining pharmaceutical grade CFCs for 2011 was withdrawn at the 22nd Meeting of the Parties to the Montreal Protocol (MOP) held in November, 2011. The 22nd MOP congratulated India for its efforts in successful implementation of the National Strategy for Phase-out of CFCs in the Manufacture of Pharmaceutical MDIs.

UNDP, as lead implementing agency, carried out an independent verification through a MDI international expert in November, 2012 for all the four MDI manufacturing facilities viz. M/s Cipla Ltd., M/s Sun Pharmaceutical Industries Ltd., M/s Midas Care Pharmaceuticals Pvt. Ltd. and M/s Zydus Cadilla Healthcare Ltd. to verify the phase-out of use of CFCs in MDIs. As per the verification report, conversion from CFC-based MDIs to CFC-free MDIs has already been achieved in India.

d) HCFC Phase-out Management Plan (HPMP) Stage-I

The 19th MOP held in September 2007 decided to accelerate the phase-out of HCFCs by 10 years with following reduction schedule both in Article 5 and non-Article 5 Parties for the early recovery of Ozone Layer:-

Reduction Schedule for Article 5 Parties

- Base-level for production & consumption: the average of 2009 and 2010.
- Freeze=2013 at the base-level
- 10% reduction in 2015
- 35% reduction in 2020
- 67.5% reduction in 2025
- 100% reduction in 2030 with a service tail of 2.5% annual average during the period 2030-2040.

Reduction Schedule for non-Article 5 Parties

- Base-level : Average of 1989 HCFC production and consumption + 2.8% of 1989 CFC production and consumption
- By 2010 of 75%;
- By 2015 of 90%;
- While allowing 0.5% for servicing the period 2020–2030;

The HPMP Stage-I, to meet the 2013 and 2015 phase-out targets as per the accelerated phase-out schedule of the Montreal Protocol was prepared in consultation with the industry and industry associations and other stakeholders. HPMP Stage-I was submitted by UNDP, as lead implementing agency, on behalf of Government of India, with due approval of MoEF to the 66th Ex-Com, held in April, 2012.

The 66th Ex-Com approved India's HPMP Stage-I for the period from 2012 to 2015 with a total cost of US

\$21,297,490 to phase-out 341.77 ODP tons of HCFCs from the starting point of 1691.25 ODP tons.

The phase-out is being addressed through technology conversions in 15 enterprises in the polyurethane foam sector, development activities in the 15 system houses for new formulations of pre-blended polyols and some activities in the Refrigeration and Air-conditioning (RAC) Servicing Sector. The HPMP Stage-I is being implemented by the UNDP as lead implementing agency in association with UNEP and Government of Germany (GIZ) under the guidance of Ozone Cell, MoEF.

Item No. 5 :

Consideration of the applications received for Duty exemption in respect of new or expanded activities with non-ODS technology.

The TFSC is one of the Standing Committees of ESC and is responsible for considering the technical and financial aspects of the ODS phase-out projects and activities to recommend for approval of ESC to submit to the Ex-Com of the MLF for funding. In addition, to consider the applications for fiscal incentive in terms of exemptions of customs and excise duty for expansion and establishments of new capacities with non-ODS technologies, the Ministry of Finance notified the customs duty exemption vide notification number 21/2002 on goods required for (a) the substitution of ODSs; (b) setting up of new capacity with non-ODS technologies and the same is read with notification number 12/2012.

The TFSC in its meetings held on 21st November, 2012, 7th February, 2013, and 5th June, 2013 considered the applications for the following enterprises and recommended for exemption of Customs Duty:-

- M/s Whirlpool of India Ltd., Pune
- M/s. Subros Ltd., Noida
- M/s SATA Vikas India Pvt. Ltd.
- M/s Pranav Vikas (India) Pvt. Ltd.
- M/s SATA Vikas India Pvt. Ltd.
- M/s Sanden Vikas Precision Parts Pvt. Ltd., Neemrana
- M/s SRF Ltd., Dahej
- M/s. Subros Ltd., Noida
- M/s Vikas Altech Pvt. Ltd.
- M/s Global Autotech Ltd., Greater Noida

The copies of Minutes of the TFSC meetings are placed in **Annex- C, pages 13-87.**

Certificates for exemption of customs duty were issued for all the above enterprises with the approval of Secretary (E&F)/ Chairman of the ESC.

The ESC may accord the Ex-post facto approval on the above.

Item No. 6 :

Submission of Article 7 Data

As per Article 7 of the Montreal Protocol, the data on production, import, export and feedstock of ODSs, viz. CFCs, Halons, CTC, HCFCs and methyl bromide for each year is to be submitted to the Ozone Secretariat by 30th September of each calendar year. Accordingly, the data was collected and collated for the year 2011 for consideration of the Standing Committee on Monitoring.

The Meeting of Standing Committee on Monitoring was held on 25th September, 2012 for reviewing the data for the year 2011, Chaired by Ms. Mira Mehrishi the then Chairman, Central Pollution Control Board (CPCB) and Additional Secretary, MoEF.

The Committee, taking note of the detailed information and explanation on production, export, import and feedstock use of CFCs, Halons, CTC, HCFCs and methyl bromide recommended that the data for the year 2011 may be submitted in the format prescribed by the MOP to the Ozone Secretariat.

Keeping in view the last date for submission of data was 30th September, 2012, it was recommended by the Standing Committee on Monitoring that data be sent to the Ozone Secretariat with the approval of Secretary (E&F) and Chairman of the ESC and Ex-post-facto approval of the ESC could be obtained at its future meeting.

Article 7 data for the calendar year 2011 was submitted to the Ozone Secretariat before 30th September, 2012 with the approval of Secretary (E&F) and Chairman, ESC.

A copy of the Minutes of the Standing Committee on Monitoring and Article 7 data for the year 2011 is placed at **Annex- D, pages 88-101.**

The committee may accord Ex-post-facto approval of the above.

Item No. 7:

Draft Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2013

In accordance with the national strategy for ODS phase-out, the MoEF, Government of India notified the Ozone Depleting Substances (Regulation and Control) Rules, 2000 in the Gazette of India in July 2000, covering various aspects of production, sale, consumption, export and import of ODSs. These rules have been amended from time to time to incorporate the policy decisions for phase-out of ODSs as per the Montreal Protocol schedule.

The 19th MOP to the Montreal Protocol, as stated under agenda item 4(d), accelerated the phase-out of HCFCs. To align with the accelerated phase-out of HCFCs, the Ozone Depleting Substances (Regulation and Control) Rules, 2000 are being amended. A proposed draft amendment of ODS Amendment Rules, 2013 was prepared by the Ozone Cell, MoEF and circulated among the concerned stakeholders, including industry associations, Line Ministries, DGFT, NGOs etc.. Subsequently, a consultative meeting was organized in October, 2012 where a large number of stakeholders participated and discussed the proposed draft amendment rules.

The draft amendment rules were updated incorporating the inputs received from the participants during the meeting and written comments sent by the participants. The draft amendment was submitted to the Ministry of Law and Justice for vetting and the translation in Hindi after due approval of the Hon'ble Minister for Environment and Forests.

The draft Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2013 has been published in the Gazette of India in May, 2013 and also posted on the Ozone Cell website to make it public.

The salient features of the approved proposed draft Ozone Depleting Substances (Regulation and Control) Amendment Rules, 2013, are :-

- The production and consumption of Group VI substances (HCFCs) has been proposed to be controlled from 2013 to 2030 according to the accelerated phase-out schedule of the Montreal Protocol.

- In order to comply with phase-out targets of the production and consumption of Group VI substances (HCFCs), introduction of quota system by the Government for production and consumption of Group VI substances (HCFCs) for non-feedstock applications and monitoring and reporting system for all feedstock applications including use of CTC as feedstock.
- Prohibition of issuance of license for import and export for Group I, Group II, Group III, Group IV and blends containing ozone depleting substances including Group VI substances from the date of commencement of the ODS Amendment Rules, 2013 except recovered, recycled and reclaimed ozone depleting substances or for Essential Use Nominations (EUN), if any or ozone depleting substances for destruction or for feedstock applications.
- Prohibition of issuance of license for import of pre-blended polyols containing Group VI substances (HCFCs) from the date of commencement of the ODS Amendment Rules, 2013.
- Ban of creating new capacities to manufacture products made with or containing Group VI substances (HCFCs).
- In order to control the inventory of HCFC based refrigeration and air-conditioning equipments and reduce the consumption of HCFCs in servicing of these equipments in future years it is proposed to prohibit the import of air-conditioning and refrigeration equipments and other products using HCFCs from 1st July, 2015.
- Exemption for production of Group VI substances (HCFCs) for the Protocol approved feedstock uses in manufacturing of other chemicals, with negligible emissions, if any.

The comments received on the draft amendment rules are being compiled and put up for further consideration.

Item No. 8 :

Organization of the International Day for the Preservation of the Ozone Layer.

The UN General Assembly adopted a resolution 49/114 which proclaims 16th September as the International Day for the Preservation of the Ozone Layer, to commemorate the signing of the Montreal Protocol on the Substances that Deplete the Ozone Layer which was signed on 16th September. In line with the resolution, the Ozone Cell, MoEF, Government of India has been celebrating the International Day for the Preservation of the Ozone Layer since 1995 at the National and State levels.

The year 2012 being the 25th Anniversary of the Montreal Protocol, Ozone Cell, MoEF, Government of India celebrated the 18th International Day for the Preservation of the Ozone Layer on 13th September, 2012. The Theme for the 18th International Day for the Preservation of the Ozone Layer for year 2012 was: "**Protecting our atmosphere for generations to come**" emphasizing the extraordinary collaboration and environmental benefits achieved by the world's Governments through the operation of the Montreal Protocol. On this occasion an Exhibition of non-ODS technologies developed and marketed by various industries was organized. Various competitions on Painting, Poster, Slogan Writing, Model Making, Skit and Quiz were organized for school children. Around 600 school children, policy makers, technocrats and Government officials participated in the function.

A booklet titled "**The Montreal Protocol : India's Success Story**", poster, pledge and a sticker were published and distributed to Industry, Institutions, Government Departments, Schools and Students and others with a view to raise public awareness. A video film on the Montreal Protocol and Ozone Layer was telecasted by the Doordarshan.

On the occasion of the 25th Anniversary of the Montreal Protocol and 18th International Day for the Preservation of the Ozone Layer organized in New Delhi on 13th September, 2012, Mr. Marco Gonzalez, Executive Secretary, Ozone Secretariat for the Vienna Convention and the Montreal Protocol, UNEP presented the following recognitions :

- Certificate of Appreciation/Recognition awarded to the Ozone Cell of India by The Ozone Secretariat for the Vienna Convention and the Montreal

Protocol, UNEP; for its vital role in protecting the Ozone Layer for generations to come.

- Certificate of Appreciation / Recognition conferred to Dr. A. Duraisamy, Director, Ozone Cell for his vital role in protecting the Ozone Layer for generations to come.

Item No. 9 : Any other matters with permission of the Chair.

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