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Interim evaluation of the EC participation in iPIC 2008

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1. INTRODUCTION

The informal prior informed consent (iPIC) procedure was established in the context of the Montreal Protocol to help preventing illegal trade in ODS. It was initiated by UNEP ROAP in the Asia/Pacific region based on voluntary participation. iPIC has been acknowledged by Decision XIX/12.

The EC is actively participating in the iPIC network from March 2007 onwards. Since then, the EC is crosschecking all relevant applications for imports and exports licenses against the information sheets provided by the National Ozone Units (NOU) of the participating countries. If further clarification is necessary, the NOU is contacted. An import or export licence is only issued after verification.

Table 1: Currently the following countries are participating in the iPIC network:

- Afghanistan *
- Armenia *
- Australia
- Azerbaijan */**
- Brunei Darussalam*
- Cambodia *
- China
- Columbia **
- EC
- Fiji *
- India
- Indonesia
- Iran
- Iraq
- Japan
- Kazakhstan *
- Korea, North *
- Korea, South
- Kyrgyzstan **
- Lao *
- Malaysia
- Maldives *
- Mongolia *
- New Zeeland
- Pakistan
- Philippines
- Singapore
- Sri Lanka
- Tajikistan *
- Thailand
- Turkmenistan *
- Uruguay **
- Uzbekistan *
- Viet Nam

* Countries without trade licensed per shipment with the EC during 2008
** Countries that joined the iPIC network during 2008

2. THE PROCEDURE

Countries participating in iPIC (Table 1) agree to exchange information prior to issuing import or export licences for certain types of substances and uses. Initially, the iPIC procedure applied only to CFCs for controlled uses. Meanwhile this has expanded to all Group A and B substances (CFCs, halons, CTC, TCA). Some iPIC members expressed an interest to also address Annex C and Annex E substances (HCFC, HBFC, MB).

Within the iPIC process the eligibility of the trade in the source or destination country and the compliance status of the country with the Montreal Protocol in respect to the quantitative limits applicable, is verified by the competent authority in the destination/source country.

Currently, iPIC is applied by the EC for all import licence applications for groups 1 to 5, 7 and 9 (all except MB and HCFC) from participating countries. For exports to participating countries, iPIC is applied for substances of the same groups except in cases when a generic export authorisation is used (exports of HCFC (except those under the inward processing relief) and MB (except those under the inward processing relief), and exports of other ODS for feedstock or process agent uses). This means in all cases of exports where an EAN is required per shipment.

Where HCFC and MB trades are involved, the iPIC procedure is only followed where the trade is subject to licensing per shipment in the EC and where the destination or source country shows interest in applying the iPIC procedure also to those substances.

If the requested trade is subject to the iPIC procedure the EC verifies whether the trade partner in the source/destination country, the product and the use are eligible. In the first step this is done by consulting the corresponding information sheet. If this should not be sufficient, the EC sends an e-mail to the competent authority in the source/destination country asking for prior consent. The applicant receives a copy of that e-mail to inform about the additional delay in the processing of the licensing request. A copy of that e-mail is also send to the UNEP network co-ordination office. If there is no response from the competent authority after five working days, the EC often sends a reminder. If there is no response after 10 working days, the import licence or export authorisation is issued.

The iPIC procedure suggests that the participating countries share any issued import license with the concerned country, which should then be consulted before an export is authorised. In reality this option shows limitations. So far no importing country has communicated to the EC the issuance of an import license. Also, considering the large number of import licenses issued by the EC, it would create some burden to communicate those to the corresponding countries by default. Further limitations result from the fact that the EC licensing system is online based.

If the competent authority informs the EC that the trade is not eligible, the EC will inform the applicant accordingly. The applicant will be asked to re-consider the application. So far there has been no case where the applicant refused to withdraw the application voluntary.

3. STATISTICS 2008

In 2008, there were 318 (2007: 351) trades (licensed/authorised per shipment) registered with iPIC countries:

Table 2: ODS related trades with iPIC countries

Substance	Export from EC		Import to EC	
	2007	2008	2007	2008
CFC	13	19	21	14
HAL	0	11	2	3
CTC	3	9	0	0
TCA	1	0	0	0
MB	140	133	0	0
HBFC	0	0	2	2
HCFC	11	5	158	122
Total	**168**	**177**	**184**	**141**

In addition to those countries, the EC traded with following countries or territories in the Asia / Pacific region in 2008:

- Bangladesh 26 transactions (2007: 17), mainly CFC
- Taiwan 6 transactions (2007: 2), only MB

Like in 2007, the proportion of CFC trade with Bangladesh (133 metric-t) and Iran (211 metric-t) is high compared to the trade with all other Asian countries (85 metric-t).

Usually whenever a shipment is subject to licensing and involves an iPIC country, the corresponding national licensing sheet is consulted (usually not for MB and HCFC, see chapter 2 for details), i.e., about 88 cases.

In 26 cases a request to the competent authority was sent. Of those requests, 16 concerned exports from the EC and 10 concerned imports into the EC. The EC has been contacted in two cases by another country in order to verify a trade.

Table 3: Result of iPIC requests

	2007		2008	
	Requests	**%**	**Requests**	**%**
Accepted	10	40	13	50
No response	9	36	8	31
Rejected	6	24	5	19
Total	**25**	**100**	**26**	**100**

On average it took 9 days (2007: 10 days) until the request to the competent authority was clarified (no-replies were counted as 14 days). If there was an answer from the competent authority the average clarification time was 6 days (2007: 7 days). However, the processing time varied a lot.

4. CONCLUSION

Based on those elements applied by the EC and despite the limitations described above, the iPIC procedure has proven a useful tool for avoiding unwanted or illegal trade without creating a significant administrative burden. In 19% of the requests it turned out that the trade had no legal basis or was unwanted. Rejected trade licenses represented 1.6 % of to the total number of cases. Based on this interim evaluation, the EC will continue its active co-operation in the iPIC network whilst continuing its regular assessments of the system.

APPENDIX: ABBREVIATIONS

BCM	Bromochloromethane
CFC	Chlorofluorocarbons
Community	European Community
CTC	Carbon tetrachloride
EC	European Community
HBFC	Hydrobromofluorocarbons
HCFC	Hydrochlorofluorocarbons
iPIC	informal prior informed consent
IPR	Inward processing relief
MB	Methyl bromide (Bromomethane)
NOU	National Ozone Unit
ODS	Ozone depleting substance
ROAP	Regional office Asia-Pacific
TCA	1,1,1-Trichloroethane
UNEP	United Nations Environment Programme