



## **CONTACT GROUP MEETING ON THE IMPLICATIONS OF JOINING THE CUSTOMS UNION BETWEEN BELARUS, KAZAKHSTAN AND THE RUSSIAN FEDERATION, MINSK, BELARUS, 18-20 MARCH 2014**

### **Information Note**

#### **Ozone Layer Protection talks in Minsk with current and future members of the Customs Union to enforce Montreal Protocol provisions**

Delegations of the current members of the Customs Union between Belarus, Kazakhstan and Russia and those of the prospective future members Armenia, Kyrgyzstan and Tajikistan elaborated – after 3 days of intensive discussions in the plenary and bilateral working groups – a set of recommendations and action points on how to enforce Montreal Protocol provisions in terms of mandatory reporting of imports, exports, production and destruction of ozone-depleting substances, mandatory national import / export licensing systems for any type of ODS and trade restrictions with non-Parties.

During the meeting, the representative of the Ozone Secretariat (Nairobi) explained the Party's obligations under the Montreal Protocol, a policy expert from the European Union (Warsaw) shared information on the specificities of the European Union as the only existing Regional Economic Integration Organization (REIO) and the coordinator of UNEP's Regional Ozone Network for Europe & Central Asia (Paris) briefed on the status of illegal / unwanted trade in ODS in the region and presented the informal Prior Informed Consent Initiative (iPIC) – a voluntary enforcement mechanism to prevent illegal / unwanted shipments at the stage of issuing trade licenses. Staff of the Turkish National Ozone Unit (remotely) presented their electronic system for monitoring ODS movements as well as registering and licensing of traders, service companies and end-users in Turkey and the experts of UNDP (Bratislava) and UNIDO (Vienna) explained their respective projects and activities in the countries and the delegation of Eurasian Economic Commission (Moscow) presented the Customs Union legislation relevant for the Montreal Protocol implementation.

The delegation of Kazakhstan, which had not been in a position to sign the Customs Union agreement on the free movement of ODS and equipment / products containing / relying on ODS as a non-Party to the Beijing Amendment, conveyed to the meeting participants that the lower Parliament has this week agreed the ratification of the amendment. The submission of the legal instrument to the UN depositary in New York can be expected shortly after the approval by the upper Parliament.

A major subject of discussion was the question whether Armenia and Kyrgyzstan would need to change their developing country (Article 5) status when joining the Customs Union. This would have significant implication on their respective HCFC phase-out strategies / schedules and eligibility for financial support by the Multilateral Fund. It was the common understanding, that both countries could retain their current status as long as the Customs Union does not aim to become a REIO and to ratify the Montreal Protocol as a non-Article 5 Party as the European Union did.

Major efforts need to be undertaken to harmonize national legislation with the non-tariff regulations of the Customs Union and this includes import bans / restrictions for equipment and products containing / relying on ODS. The import of such equipment and products to the Customs Union is already banned and in case the prospective member countries consider it premature to implement such import bans at the time of accession, they could request the Eurasian Economic Commission to consider an exemption during a well-defined transition period. However, this would require a mechanism to prevent the re-export of such equipment and products to the current member countries which have developed country (non-Article 5) status under the Montreal Protocol.

Further recommendations include the establishment of an integrated information exchange system to facilitate the sharing of information between competent authorities on permits and authorized amounts for trade of ODS within and outside the Customs Union, the review of criminal and administrative penalties for illegal trade in ODS and equipment and products containing / relying on ODS, the active use and up-dating of contact information in the informal Prior Informed Consent system (iPIC), the establishment of national systems to monitor movement of ODS and equipment and products containing / relying on ODS as well as a national authority to inspect shipments of such equipment and products in the country. Other proposed measures include restricting of imports of ODS and equipment and products containing / relying on ODS (and possibly other refrigerants) to specific border checkpoints and preventing the dumping of second hand equipment in the developing country (Article 5) members of the Customs Union because such equipment might become obsolete in the developed country (non-Article 5) members. The full set of recommendation will be made available in English and Russian on the ECA website (see below).

Mr Vitalij Kulik, First Deputy Minister of Natural Resources and Environmental Protection and Mr. Sanaka Samarasinha, UNDP Resident Coordinator in Belarus opened the meeting and welcomed the participants. It was jointly organized by the Ministry, UNEP's Regional Ozone Network for Europe & Central Asia (ECA network) and its partner agencies UNDP and UNIDO. It was co-funded by all three agencies under projects approved by the Multilateral Fund and the Global Environment Facility.

The meeting documents including agenda, concept note, list of participants, meeting highlights as well as presentations will be made available from the ECA website: [www.unep.org/ozonaction/ecanetwork/](http://www.unep.org/ozonaction/ecanetwork/).

## **Background**

The Customs Union between Belarus, Kazakhstan and the Russian Federation came into existence on 1 January 2010. It was launched as a first step towards forming a broader economic alliance of former Soviet states. The member states are planning to continue with economic integration. On 19 November 2011, the member states put together a joint commission on fostering closer economic ties, planning to create a Eurasian Union by 2015. Since 1 January 2012, the three states are a single economic space called Common Economic Space to promote further economic integration. The Eurasian Economic Commission is the regulatory agency for the Customs Union and the Eurasian Economic Community.

Currently, Armenia, Kyrgyzstan and Tajikistan are considering joining the Customs Union. Since there will be no border controls between members of the Customs Union, monitoring cross-border movements of ozone-depleting substances (ODS) and reporting of ODS consumption data might become a challenge. In addition, Armenia and Kyrgyzstan follow a different ODS phase-out schedule than the countries with economies in transition (CEIT countries) which might result in a situation where controlled substances are still legally available in Kyrgyzstan and Armenia but already banned in the CEIT countries. Currently, Kazakhstan is preparing new legislation and planning to enforce import quotas for HCFCs and methyl bromide to comply with the provisions of the Montreal Protocol. It might be a challenge to enforce such quotas without border controls. Any uncontrolled trade in ODS between members of the Customs Union might expose them to the potential risk of reporting incorrect consumption data and potential non-compliance.

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