



The Montreal Protocol Decides

It was a long wait but....

At almost midnight on the seventeenth day of formal discussion spread over ten months, the 181 nations of the Montreal Protocol (MP) finally decided how much methyl bromide would be granted for critical uses in developed nations in 2005. The final decision applies to all developed nations including Canada, USA, European Community (EC), Japan, New Zealand and Australia. A group of forty methyl bromide stakeholders, participated in the final three days negotiations at the Extraordinary Meeting of the Montreal Protocol.

Key elements of the deal as it affects the U.S;

- o 19.6Mlbs of critical use exemptions, (CUE's), were granted for 2005, (equivalent to 35% of the '91 baseline)
- o With appeals from some consumers pending, the amount could be up to 1.7Mlbs higher.
- o A production allowance was set at 30% of the '91 baseline for 2005 (the same amount that was made in 2004)
- o The difference between CUE and production allowances, about 2.8Mlbs in 2005, will be filled from existing inventory.
- o There will be flexibility in allocation of the CUE amounts among categories.
- o The production allowance is in addition to amounts for QPS and export

Europe also received a significant CUE allowance

In the European Community, users had applied for CUE's at 25% of the '91 baseline for 2005, and were granted 21%. Farmers in Italy, Portugal and France suffered the reduction primarily due to Europe's centralized decision making process. These farmers will be more directly engaged in the 2006 process. Despite this, the 2005 CUE volume in Europe is much higher than might have been expected, reflecting agriculture's lack of confidence in alternatives

Developing nations want to delay their phase out too.

The developing nations began negotiating to delay their own phase out schedule. They are concerned about the failure of developed nations to find alternatives for large quantities of methyl bromide. Guatemala led the discussion by introducing some broad guidelines for developing nations to use when they find that alternatives do not work.

Good outcome. The CUE allocation rules are the next challenge.

With the outcome for 2005 known, methyl bromide stakeholders in developed nations must immediately turn their attention to creating an effective program to manage the critical use exemptions. The allocation and record keeping process will be highly complex and is further complicated by the Montreal Protocol's decision to force a reduction in field inventory. Significant effort will be required to make sure the process is fair.

Balancing industry and the environment

Methyl bromide users are working hard to minimize emissions, to develop alternatives and to comply with the Montreal Protocol. However, where alternatives are not technically or economically feasible, users need relief from the phase out schedule. The agreement reached last week provides that relief.

- The Montreal Protocol acknowledged that alternatives were not available for many applications and increased by 2.8Mlbs, the amount of methyl bromide that U.S. farmers can use next year (vs 2004)
- The Montreal Protocol did not reduce the amount that can be produced for the US in 2005 even though production was supposed to stop on 1/1/05.
- Significant volumes of methyl bromide were made available in 2005 for the European Community and other developed nations.
- These decisions signal that methyl bromide will be continue to be available beyond 2005 until viable alternatives are available.

As a result, methyl bromide availability in 2005 will be very similar to 2004. This outcome should reinvigorate methyl bromide stakeholders on all sides of the debate. Environmentalists and government will redouble their efforts to achieve a faster phase out. Methyl bromide stakeholders from the use community must continue the fight for fairness and balance between economy and environment.