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FINAL REPORT

PROJECT NO. MP/MEX/04/031
"NATIONAL CFC PHASE-OUT PLAN (MEXICO)"

ANNUAL VERIFICATION AUDIT OF MULTI-YEAR AGREEMENT (MYA)
2004



**Despacho
Freyssinier
Morin, S.C.**

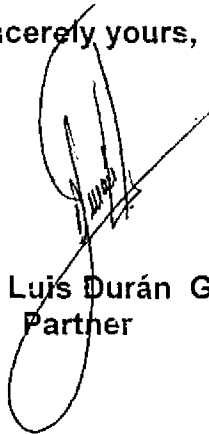
September 14, 2005
Mexico City, Mexico

United Nations Industrial Development Organization
Mounira Latrech
Officer in Charge

In compliance with professional services contract No. 05/051 dated July 8, 2005, we performed the audit of Project MP/MEX/04/031, denominated "National CFC Phase-Out Plan (México)", for the period January 1 thru December 31, 2004.

Our final report is presented below.

Sincerely yours,



C.P.C. José Luis Durán González
Partner



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I. INTRODUCTION

Within the framework of the activities described in Contract No. 05/051 dated July 8, 2005, and the guidelines contained in the Contract in respect of Project MP/MEX/04/031, denominated "National CFC Phase-Out Plan (México)", we performed an annual verification audit of the multi-year agreement (MYA) of this Project for the period January 1 thru December 31, 2004.

II. BACKGROUND

Project document No. MEX/PHA/42/INV/120 (UNIDO number: MP/MEX/04/031) titled "National CFC Phase-out Plan (México)", was prepared and submitted to the Multilateral Fund for approval in September 2003 by the United Nations Industrial Development Organization (UNIDO) and by the General Directorate for the Control of Air Quality and Record of Pollutants of the Ministry of the Environment and Natural Resources (SEMARNAT). The project was approved by the ExCom at its 42 Meeting in April 2004.

The Project initiated activities in September 2003, for a duration of 7 years, UNIDO being the Implementation Agency and SEMARNAT, the National Coordinating Agency.

The present CFC Phase-out Plan aims at phasing-out all the remaining consumption of Annex A, Group I CFCs in the refrigeration sector in Mexico over the period 2003-2009 in compliance with the country's Montreal Protocol obligation. A series of investment, non-investment, and technical support activities are proposed to achieve this target in the refrigeration sector, which is the only subsector where eligible consumption still existed at the time of approval. The present CFC Phase-out Plan will enable the Government of Mexico to totally phase-out the CFC consumption by January 1, 2010. Considering this multifaceted approach it is crucial that flexibility be given to the Government of Mexico to adapt or modify its strategies during implementation of this plan as the need arises.

III. FRAMEWORK OF THE AUDIT

The audit was performed in conformity with generally accepted auditing standards in Mexico and with the Terms of Reference from UNIDO, in which it was specified that the purpose of this audit is to verify Article 7 consumption data of CFCs in Mexico during year 2004, as detailed below:

Article 7, Reporting of Data

1. Each Party shall provide to the Secretariat, within three months of becoming a Party, statistical data on its production, imports and exports of each of the controlled substances in Annex A for the year 1986, or the best possible estimates of such data where actual data are not available.

2. Each Party shall provide to the Secretariat statistical data on its production, imports and exports of each of the controlled substances

– in Annex B and Annexes I and II of Group C for the year 1989;

– in Annex E, for the year 1991,

or the best possible estimates of such data where actual data are not available, not later than three months after the date when the provisions set out in the Protocol with regard to the substances in Annexes B, C and E respectively enter into force for that Party.

3. Each Party shall provide to the Secretariat statistical data on its annual production (as defined in paragraph 5 of Article 1) of each of the controlled substances listed in Annexes A, B, C and E and, separately, for each substance,

– Amounts used for feedstocks,

– Amounts destroyed by technologies approved by the Parties, and

– Imports from and exports to Parties and non-Parties respectively,

for the year during which provisions concerning the substances in Annexes A, B, C and E respectively entered into force for that Party and for each year thereafter. Each Party shall provide to the Secretariat statistical data on the annual amount of the controlled substance listed in Annex E used for quarantine and pre-shipment applications. Data shall be forwarded not later than nine months after the end of the year to which the data relate:

3 *bis*. Each Party shall provide to the Secretariat separate statistical data of its annual imports and exports of each of the controlled substances listed in Group II of Annex A and Group I of Annex C that have been recycled.

4. For Parties operating under the provisions of paragraph 8 (a) of Article 2, the requirements in paragraphs 1, 2, 3 and 3 *bis* of this Article in respect of statistical data on imports and exports shall be satisfied if the regional economic integration organization concerned provides data on imports and exports between the organization and States that are not members of that organization.

Consequently, verification was made on the government policy controlling ODS (ozone depleting substance) consumption and production, and the division of responsibility between national institutions for enforcing the relevant policies; review the government statistics on ODS imports and exports against the data from customs and the amount of quota issued against actual quota applied; and review the list of government authorized importers and exporters against the records of customs. Meetings were held with staff of the Ozone Unit at SEMARNAT and staff of Customs Central Laboratory, in respect to production, imports and exports of CFCs.

IV. AUDIT REPORT

The Montreal Protocol, signed in 1987, has the purpose of attending one of the most serious problems that human kind has had to confront, that is, the destruction of the fragil ozone layer which protects life from the lethal ultraviolet rays from the sun, resulting from the use of CFCs and other chemical substances. Mexico became a member of the Protocol in March 1988.

PROCEDURES APPLIED IN OUR REVIEW:

a) Review of the Government Policy Controlling ODS

The Mexican Government has actively participated in the control of production, imports and exports of substances that deplete the ozone layer (ODSs). Among its policies for carrying out strict controls on these substances, we can mention the following:

On October 15, 1987, a Decree was published in the Daily Gazette of the Federation, establishing the basis for the coordination to be observed by the Ministry of Commerce and Industrial Development, the Ministry of Agriculture and Water Resources, the Ministry of Urban Development and Ecology, and the Ministry of Health, in respect of pesticides, fertilizers and toxic substances, for which the Intrasecretariat Commission for the Control of the Process and Use of Pesticides, Fertilizers and Toxic Substances (CICOPLAFEST) was created, and which Rules were published in the Daily Gazette of the Federation on October 15, 1988.

Subsequently, Mexico became a member of the Montreal Protocol in 1988, and on December 7, 1988, it was published in the Daily Gazette of the Federation, the Agreement through which is made public the Instructive for the uniform and integral procedure to be mandatory observed by the Ministries of Commerce and Industrial Development, Agriculture and Water Resources, Urban Development and Ecology, and Health, in the resolution for registry applications for the granting of authorizations in the form of licenses, permits and records for pesticides, fertilizers and toxic substances, among which the CFCs are considered. Subsequently, on

January 22, 1996, the Daily Gazette of the Federation published the Procedural Rules for obtaining import authorizations of materials subject to regulation by those agencies conforming the Intrasecretariat Commission for the control of the process and use of pesticides, fertilizers and toxic substances, consisting of a Federal Government measure to control permits and imports of CFCs.

For the purpose of establishing an adequate control fully complying with the Montreal Protocol, Mexico issues "official Mexican standards – NOMS", such as NOM-EM-125-ECOL-1998, published on September 21, 1998, in the Daily Gazette of the Federation, whose purpose is to establish "the specifications for the protection of the environment and prohibit the use chlorofluorocarbon composites in the fabrication and importation of refrigerators, industrial freezers and home freezers; water coolers, water cooler-heaters and drinking water cooler-heaters with or without freezer compartment, commercial freezers and room air conditioners".

Additionally, in order to have greater control on the production, imports and exports of substances impacting the ozone layer, Mexico created the Unit for the Protection of the Ozone Layer, such Unit currently belonging to the General Directorate for the Control of Air Quality and Record of Emissions and Transfer of Pollutants, whose faculties were published in the Daily Gazette of the Federation on January 21, 2003. The Directorate belongs to the Under ministry for the Protection of the Environment, at the Ministry of the Environment and Natural Resources (SEMARNAT).

As a means for training customs personnel, a Manual on Training of Customs Offices was published, under the title: "Protection of the Ozone Layer: Elimination of ODSs in Developing Countries". Such Manual is being distributed among all customs offices.

It is important to mention that as of to day, Mexico has been able to eliminate in more than 90% the consumption of CFCs, thus complying with its commitment with the Montreal Protocol.

b) Review of the Government Statistics on ODS Imports and Exports

The Unit for the Protection of the Ozone Layer is responsible for the statistical control of production, importation and exports of CFCs, in order to comply with the requirements of the Montreal Protocol relative to the delivery of reports on consumption of substances depleting the ozone layer; the Unit has statistical data on imports and exports of these substances obtained directly from the consumption companies including the year 2004 and from the National Customs System.

This present report provides a review of the documental tests based on the information provided by the Customs General Administrator and on information available at the Unit for the Protection of the Ozone Layer obtained from the consumption companies.

It is necessary to mention that as of the date of our report, SEMARNAT is coordinating with the participation of Customs and the Ministry of Health, the development of a System for Controlling and Monitoring of Substances Impacting the Ozone Layer, "SISSAO", which will commence its functioning in early 2006, since this System is already 90% complete. The purpose of this System is the automation of the control, monitoring and follow-up of imports, exports, production, consumption and imports of substances impacting the ozone layer; likewise, the System will concentrate all procedures carried out in different government offices for the granting of export / import licenses of ODSs, and will create the data base for consumption, exports and imports of Ozone Depleting Substance.

c) Review the List of the Government Authorized Importers and Exporters

We reviewed the written note provided by the Unit for the Protection of the Ozone Layer, in which only two entities were authorized to import CFCs, being the following: Du Pont México, S.A. de C.V. (hereinafter "Dupont") and Quimobásicos, S.A. de C.V. (hereinafter "Quimobásicos"), which in year 2004 imported and exported CFCs, and in the case of Quimobásicos, this company was the sole producer of CFCs in Mexico and terminated production of this substance on 25 August 2005, complying with one of its commitments with the Montreal Protocol.

d) Information Collected on CFC Consumption

At the beginning of each year, Dupont and Quimobásicos are granted quotas for both production and importation. In year 2004, the authorized quotas for each one of the companies are the following, (information provided by SEMARNAT):

Table 1: Authorized quotas for 2004

QUOTAS	QUIMOBASICOS	DUPONT
PRODUCTION	10,400 TONS	-
IMPORTATION	4,500 TONS *	500 TONS
TOTAL	14,900 TONS	500 TONS

*In the case of any production stoppages which hinders the continuation of the production process, the company, previous written notification to SEMARNAT and in timely manner, will be able to use the importation quota referred in the table 1.

The information obtained on production, imports and exports, correspond to data provided by the two companies, as follows:

Table 2: Production of CFC in 2004.

PRODUCTION	QUIMOBASICOS
CFC-11	1,177 TONS
CFC-12	6,867 TONS
GRAND TOTAL	8,044 TONS

Table 3: Imports data of CFC in 2004 provided by the companies.

IMPORTS	QUIMOBASICOS	DUPONT
CFC-11	-	47 TONS
CFC-12	-	334 TONS
CFC-113	5 TONS	-
CFC-114	10 TONS	-
CFC-115	-	0.6 TONS
R-502	25 TONS	-
TOTAL	40 TONS	381.6 TONS
GRAND TOTAL: 421.6 MT		

Table 4: Exports of CFC in 2004 provided by the companies.

EXPORTS	QUIMOBASICOS	DUPONT
CFC-11	536 TONS	8 TONS
CFC-12	4,445 TONS	243 TONS
CFC-113	-	-
CFC-114	1 TON	-
CFC-115	-	10 TONS
R-502	12 TONS	-
TOTAL	4,994 TONS	261 TONS
GRAND TOTAL: 5,255 MT		

The information which was provided by the two companies and by SEMARNAT, was compared with the following data provided by Customs:

Table 5: Imports of CFC provided by the customs.

IMPORTS	QUIMOBASICOS	DUPONT
CFC-11	-	41 TONS
CFC-12	-	438 TONS
CFC-113	5 TONS	-
CFC-114	10 TONS	-
CFC-115	-	4 TONS
R-502	25 TONS	-
TOTAL	40 TONS	483 TONS
GRAND TOTAL: 523 MT		

As a result of the above comparison, we determined that in the case of Quimobásicos the information concurred 100% with the data we obtained; in the case of Dupont, the listings provided by Customs include import manifestations not reported by Dupont. These import manifestations are the following: 4000267 and 4001087, which report 104 tons imported of CFC-12. However, considering such importation in the national consumption, the consumption limit is not exceeded as required by the Montreal Protocol.

For the effects to this audit, we considered the data provided by customs, shown in the table 5.

V. CONCLUSION OF OUR REVIEW

Based on the quotas assigned by the Mexican Government to companies authorized to produce and import, our conclusion is that both companies complied with the assigned quotas, since in the case of Quimobásicos, S.A. de C. V. the production quota assigned was 10,400 (ten thousand four hundred) tons for year 2004, and its production was 8,044 (eight thousand forty four) tons. In respect of imports, the quota was 4,500 (four thousand five hundred) tons and imported only 40 (forty) tons. We conclude that annual consumption of this company in 2004 was 3,090 (three thousand ninety) tons.

In the case of Dupont, which only imported CFCs, the quota assigned was 500 (five hundred) tons, of which in accordance with its own records, imported a total of 379 (three hundred seventy nine) tons in 2004, and given the exports registered by this company (261 tons), consumption was only of 118 (one hundred eighteen) tons. However, if we take into consideration the import data provided by Customs, we determine that its consumption was 222 (two hundred twenty two) tons, which added to the 3,090 (three thousand ninety) of Quimobásicos, we have a total consumption of 3,312 (three thousand three hundred and twelve) tons, within the limit established by the Montreal Protocol for year 2004, since the authorized limit for this year was 4,625 (four thousand six hundred twenty five) tons, thus Mexico did not exceed the authorized limit.

Taking as a basis the definition of "consumption" under Article 7 of the Montreal Protocol (consumption is equal to imports + production – exports of ODSs) and the reviewed information of the consumption of each company, we conclude that annual consumption of the country in 2004 was 3,312 tons with the next amounts of imports, exports and productions of CFC:

Table 6: Total National Consumption of CFC Mexico in 2004

Total Imports	523 tons
Total Exports	5,255 tons
Total Production	8,044 tons
Verified Total National CFC Consumption	<u>3,312 tons</u>

As part of our review, we made two field visits: Veracruz and Matamoros. In Veracruz, we were met by the Head of the Technical Unit of Consulting and Sampling, and in Matamoros, by the Subadministrator of Customs Operations. The purpose of the visit consisted in the confirmation that the guidelines authorized by the Government are being complied with in connection with imports and exports, and that adequate controls exist for handling these substances. We observed that in both cases the installations are adequate, personnel is trained to receive or ship out these substances and maintain adequate controls for registering all pediments handled by those two Customs Offices.

In order to import any class of products, the importer must present itself before Customs General Administrator and apply for its registration with the Importers Register, and simultaneously with the specific Register; with this data, a pre-approval is made to elaborate the pediment.

Upon arrival at Customs, a documental and physical review is made, for the Product Reviewers making sure the product concurs with the data on the pediment, checking the validity of the registration based on the database of Customs. In the case of substances or materials of difficult identification, assistance is requested from the Technical Unit of Consulting and Sampling.

In the event product does not concur in any detail with the corresponding documentation, it is seized and brought to the legal section of the Customs Office to be regularized. In the event that a favorable solution is not reached, the case is turned over to the legal department of the Ministry of Finance

At the present time no Customs Office is equipped with tools to perform these analyses; there are facilities only at the Customs Office Central Laboratory in Mexico City where these analyses are performed by specialized chemists. However, we were informed that this type of equipment is now being installed for the purpose of analyzing ODSs in different customs offices.

The questionnaires applied to the responsible employees of the visited area are presented in Annex 1 and 2 of this report.

In accordance with our review and the interviews held with personnel of the Unit for the Protection of the Ozone Layer at SEMARNAT, the Central Customs Laboratory and Customs Offices of Veracruz and Matamoros, we can conclude that the actions taken by the Federal Government for the control and reduction of CFCs in Mexico, are adequate and have attained expected results, since it was accomplished to reduce the consumption of CFCs in 2004, even below the quota authorized by the Montreal Protocol.

VI. OBSERVATIONS AND RECOMMENDATIONS

OBSERVATIONS

As described in second paragraph of item V., we observed differences among the data provided by Dupont and the listings provided by Customs since these include import manifestations not reported by Dupont. These import manifestations are the following: 4000267 and 4001087, which report 104 tons imported of CFC-12. It is important to mention that such differences, as of the date of this report, have not been explained by the company.

Additionally considering the data provided by Dupont, in terms of invoices, against the imports and exports data, we determined two errors, since in the case of two imports, these do not concur with the import manifestation (pediment) and invoice, as shown below:

- 1) In the information provided by Dupont of the pediment number 4002972, shows incorrectly that this company imported 600 kilos of R-502 instead of

600 cylinders of 13.6 kilos each one. For this reason, the actual imported amount of R-502 was 8,160 kilos, corresponding to CFC-115 only the 51% of this quantity, that results in 4,162 kilos.

- 2) In the case of the pediment number 4001809, the information provided by Dupont shows an importation of 26,580 kilos of CFC 11, and the information provided by customs is of 20,140 kilos of CFC 11 as shown in the invoice provided by Dupont.

It must be pointed that, for the effects of this audit, we consider amount of Dupont's imports include the correct data of this importations: 4,162 kilos of CFC-115 and 20,140 kilos of CFC-11.

RECOMMENDATIONS

We consider very important to recommend to the importer to verify the exact amount of product received via imports, since there must be coinciding both physically and with the data of the invoice and the pediment, for the purpose of obtaining adequate records on its operations and real annual consumption.

Sincerely yours,



C.P.C. José Luis Durán González
Partner

ANNEX 1

QUESTIONNAIRE FOR CUSTOMS OFFICES VERACRUZ CUSTOMS OFFICE

- 1) Did you receive the Training Manual for Customs Officers, relative to the protection of the ozone layer?

No manual has been received as of to day. However, n September 26 and 27, a training course will be given by personnel of SEMARNAT and UNIDO.

- 2) Do you consider that training was adequate for carrying out your job?

No training was provided.

- 3) Who was responsible for the training?

N/A

- 4) Is there a "rule book" or an internal manual in this Customs Office for handling these substances?

A "rule book" specifically for handling CFCs is non-existent; however, these exists a procedures manual for handling products with these characteristics, as well as a Security Table, through which the level of "danger" is known for each substance.

- 5) Do you know and/or have you read the National Manual of Rules and Import / Export Licensing System for ODSs?

No

- 6) Please explain the procedure followed upon arrival of CFCs at Customs?

Upon arrival at Customs, a documental and physical review is made, making sure the product concurs with the data on the pediment, checking the validity of the registration based on the data base of Customs.

- 7) What documents must be shown when CFCs reach Customs?

In first instance, the pediment, and immediately the following documents as required by Customs Law:

I. On imports:

a) Commercial invoice to contain all necessary requisites and data per the rules established by the Ministry, when value at customs is determined in conformity with the transaction value and value of products exceed the amount established by such rules.

b) Bill of lading in maritime traffic or airway bill number in air traffic.

c) Documents supporting compliance with regulations and restrictions (not tariff related) to imports, which would have been issued in accordance with the Foreign Trade Law, as long as such are published in the Daily Gazette of the Federation and are identified in terms of the customs tariff and technical glossary which corresponds in conformity with the tariff under the General Tax on Imports Law.

d) The document which is used to determine the origin of the products for purposes of applying preferential tariffs, compensatory quotas, with country of origin seal and other measures, which to that effect are established, in conformity with applicable rules.

e) Document which provides evidence of guarantee extended by means of a deposit in "customs guarantee account" per Article 84-A of this Law, when value declared is lesser than the estimated price established by Customs.

f) Weight certificate or volume issued by the certifying entity authorized by the Ministry by means of rules, in the case of bulk merchandise shipped to maritime traffic customs offices, in those cases established by the specific rules.

g) The documentation which permits the identification, analysis and control per rules issued by the Ministry.

In the case of products which may be identified individually, series number must be indicated, part number, model or technical or commercial specs, necessary for identifying the products and distinguish them from similar products, which such data is available, as well as the information referred to in item g). This information must be included on the pediment, invoice, shipping document or attached list which indicates the pediment number, signed by the importer, customs agent or legal representative. Notwithstanding the above, "maquila for export" companies or companies with export programs authorized by the Ministry of Economy, are not obligated to identify the product when they make "temporary imports", as long as the product being imported consist of components, raw materials and semi-finished products, already included in the corresponding import program. When these companies elect to change to the definitive import regime, they will comply by stating the series number of the products which would have been temporarily imported.

Article 39 of the Law will apply when dealing with reissues.

II. On exports:

- a) The invoice or, as the case may be, any document confirming the commercial value of the product.
- b) Documents which confirm compliance with rules and restrictions (not tariff related) on exports, which would have been issued in accordance with the Foreign Trade Law, as long as such rules and restrictions are published in the Daily Gazette of the Federation, and are identified in terms of the tariff number and glossary in conformity with the General Tax on Imports Law.

For purposes of fractions I and II of this article, the Ministry of Finance (Hacienda) may request that the pediment or invoice, in the case of consolidated pediments, include the customs documentation required in conformity with the international agreements subscribed by Mexico.

In the case of exports of products which would have been imported under the terms of Article 86 of this Law, as well as products which would have been temporarily imported and are returned in the same status, susceptible of being individually identified, must indicate serial number, part, mark, model or, as the case may be, technical or commercial specs necessary to identify the products and distinguish them from similar products, which such data exists. This information must be included on the pediment, invoice or

in attached list indicating the pediment number, signed by the exporter, customs agent or legal representative.

It shall not be requested to present commercial invoices on imports and exports made by embassies, consulates or members of the diplomatic and consular, personnel, those relative to electric power, crude oil, natural gas and derivatives when it is made via pipe lines or cable, including home menage.

The customs agent or customs legal representative must print on the pediment his bar code or use other control means, with the characteristics established by the Ministry.

For purposes of this article, the documents, which must be presented together with the products for shipment, in order to comply with non-tariff rules and restrictions, Official Mexican NOMs, and other obligations established by this Law for each customs regime, Ministry of Finance, by means of rules of general application, may indicate the obligations which may be complied with electronically or digitalized.

8) Who is the person responsible for reviewing the required documentation?

Once the product enters Customs, it is transferred to the Area of Customs Recognition, where approximately 20 employees review the products. The process is automated, the truck goes through a "reader" which electronically indicates who is the assigned Reviewer.

9) Is there a job-profile for this responsibility? If so, what is the rule?

Reviewers must have a career diploma, must be licensed in Foreign Trade. Within the Customs Office there is no particular rule on the profile of personnel.

10) Is there any kind of authorized list to confirm that the country of origin is a member of the Montreal Protocol?

The Veracruz Customs Office has a computerized system called "DIA", which contains all agreements, treaties, protocols, etc., on a worldwide basis and is permanently updated; therefore, all products entering Customs is subject to corroborate that country of origin is an authorized country.

11) How do you make sure that importer of record effectively exists and is licensed to import the CFC?

In order to import any class of products, the importer must present itself before Customs General Administrator and apply for its registration with the Importers' Register, and simultaneously with the specific Register; with this data, a pre-approval is made to elaborate the pediment.

12) Which is the procedure followed in the event the substance arriving at customs does not concur with the documentation (quantity, source, destination, recipient number, packing, form, name and substance description)?

In the event product does not concur in any detail with the corresponding documentation, it is seized and brought to the legal section of the Customs Office to be regularized. In the event that a favorable solution is not reached, the case is turned over to the legal department of the Ministry of Finance.

13) Is there some test to detect unauthorized substances?

At the present time, no Customs Office is furnished with equipment to perform these analyses, only at the Customs Office Central Laboratory in Mexico City. However, we were informed that this type of equipment is now being installed for the purpose of analyzing ODSs in different customs offices.

14) In the event of doing a test, which is the procedure?

In the specific case of the Veracruz Customs Office, there are no procedures since no analysis is performed.

15) Who is responsible for these tests?

These analyses are performed at the Customs Office Laboratory in Mexico City by specialized chemists.

16) Depending on the results, which authority is notified?

In first place, the notification is sent to the Customs Office where the product is located and, subsequently, to the Ministry of Finance.

17) In the event illegal substances are detected or the importer does not have an import license, what follows?

Product is seized and item 12 above is implemented.

- 18) Do you have a copy of permits issued, and thus, enable you to identify which companies are authorized to import?**

There is a file on each importer/exporter, provided by the Central Laboratory, and all of this information is included in the data base at the Customs Office.

- 19) In the event the product is addressed to someone different to the "importer", what follows?**

Follow item 12 above.

- 20) Do you prepare of daily list of CFCs coming into the country?**

Yes. There are records of all products, either incoming our outgoing.

- 21) Are reconciliations made on substances received with the products describe don the import manifestation?**

Affirmative.

- 22) In response is affirmative, who is responsible for this control?**

Product reviewers.

ANNEX 2

QUESTIONNAIRE FOR CUSTOMS OFFICES MATAMOROS CUSTOMS OFFICE

- 1) Did you receive the Training Manual for Customs Officers, relative to the protection to the ozone layer?

Yes

- 2) Do you consider that training was adequate for carrying out your job?

Yes

- 3) Who was responsible for the training?

Several agencies from: the USA, Canada, DEPA, Commission on Cooperation of the Environment.

- 4) Is there a "rule book" or internal manual in this Customs Office for handling of these substances?

There are no specific rules for handling of CFCs; however, there is a procedures manual for handling dangerous materials, known as Annex 2.6.

- 5) Do you know and / or have you read the National Manual of Rules and Import / Export Licensing System for ODSs?

No. This is SEMARNAT's responsibility.

- 6) Please explain the procedure followed upon arrival of CFCs at Customs?

When drums arrive, the Office only carries out a review of documents and physical inspection, making sure that data concurs with the information on the pediment, checking that registration is in force in the data base, which is made by automated test.

- 7) What documents must be shown when CFCs reach customs?

When products reach customs, the documents to be requested consist of the pediment, and then the following documents in conformity with Customs Law:

I. On imports:

a) Commercial invoice to contain all necessary requisites and data per the rules established by the Ministry, when value at customs is determined in conformity with the transaction value and value of products exceed the amount established by such rules.

b) Bill of lading in maritime traffic or airbill number in air traffic.

c) Documents supporting compliance with regulations and restrictions (not tariff related) to imports, which would have been issued in accordance with the Foreign Trade Law, as long as such are published in the Daily Gazette of the Federation and are identified in terms of the customs tariff and technical glossary which corresponds in conformity with the tariff under the General Tax on Imports Law.

d) The document which is used to determine the origin of the products for purposes of applying preferential tariffs, compensatory quotas, with country of origin seal and other measures which to that effect are established, in conformity with applicable rules.

e) Document which provides evidence of guarantee extended by means of a deposit in "customs guarantee account" per Article 84-A of this Law, when value declared is lesser than the estimated price established by Customs.

f) Weight certificate or volume issued by the certifying entity authorized by the Ministry by means of rules, in the case of bulk merchandise shipped to maritime traffic customs offices, in those cases established by the specific rules.

g) The documentation which permits the identification, analysis and control per rules issued by the Ministry.

In the case of products which may be identified individually, series number must be indicated, part number, model or technical or commercial specs, necessary for identifying the products and distinguish them from similar products, which such data is available, as well as the information referred to in item g). This information must be included on the pediment, invoice, shipping document or attached list which indicates the pediment number, signed by the importer, customs agent or legal representative. Notwithstanding the above, "maquila for export" companies or companies with export programs authorized by the Ministry of Economy, are not obligated to identify the product when they make "temporary imports", as long as the product being imported consist of components, raw materials and semi-finished products, already included in the corresponding import program. When these companies elect to change to the definitive import regime, they will comply by stating the series number of the products which would have been temporarily imported.

Article 39 of the Law will apply when dealing with reissues.

II. On exports:

- a) The invoice or, as the case may be, any document confirming the commercial value of the product.
- b) Documents which confirm compliance with rules and restrictions (not tariff related) on exports, which would have been issued in accordance with the Foreign Trade Law, as long as such rules and restrictions are published in the Daily Gazette of the Federation, and are identified in terms of the tariff number and glossary in conformity with the General Tax on Imports Law.

For purposes of fractions I and II of this article, the Ministry of Finance (Hacienda) may request that the pediment or invoice, in the case of consolidated pediments, include the customs documentation required in conformity with the international agreements subscribed by Mexico.

In the case of exports of products which would have been imported under the terms of Article 86 of this Law, as well as products which would have been temporarily imported and are returned in the same status, susceptible of being individually identified, must indicate serial number, part, mark, model or, as the case may be, technical or commercial specs necessary to identify the products and distinguish them from similar products, which such data exists. This information must be included on the pediment, invoice or in attached list indicating the pediment number, signed by the exporter, customs agent or legal representative.

It shall not be requested to present commercial invoices on imports and exports made by embassies, consulates or members of the diplomatic and consular, personnel, those relative to electric power, crude oil, natural gas and derivatives when it is made via pipe lines or cable, including home menage.

The customs agent or customs legal representative must print on the pediment his bar code or use other control means, with the characteristics established by the Ministry.

For purposes of this article, the documents which must be presented together with the products for shipment, in order to comply with non-tariff rules and restrictions, Official Mexican NOMs, and other obligations established by this Law for each customs regime, Ministry of Finance, by means of rules of general application, may indicate the obligations which may be complied with electronically or digitalized.

8) Who is the person responsible for reviewing the necessary documentation?

Once the product enters Customs, it is transferred to the Area of Customs Recognition, where employees review the products and documents, and in the case of substances or materials of difficult identification, assistance is requested from the Technical Unit for Consulting and Sampling.

9) Is there a job-profile for this responsibility? If so, what is the rule?

Reviewers must have a career diploma, must be licensed in Foreign Trade. Within the Customs Office there is no particular rule on the profile of personnel.

10) Is there any kind of authorized list to confirm that the country of origin is a member of the Montreal Protocol?

Only for tax purposes, but not for the Protocol.

11) How do you make sure that importer of record effectively exists and is licensed to import the CFC?

In order to import any class of products, the importer must present itself before Customs General Administrator and apply for its registration with the Importers Register, and simultaneously with the specific Register; with this data, a pre-approval is made to elaborate the pediment.

- 12) Which is the procedure followed in the event the substance arriving at customs does not concur with the documentation (quantity, source, destination, recipient number, packing, form, name and substance description)?**

In the event product does not concur in any detail with the corresponding documentation, it is seized and brought to the legal section of the Customs Office to be regularized. In the event that a favorable solution is not reached, the case is turned over to the legal department of the Ministry of Finance. For example, in case of finding an error on the invoice, a penalty is imposed equal to 70% of the total value of the product, within a period of 30 days.

- 13) Is there some test to detect unauthorized substances?**

At the present time, no Customs Office is prepared with equipment to perform these analyses, only at the Customs Office Central Laboratory in Mexico City. However, we were informed that this type of equipment is now being installed for the purpose of analyzing ODSs in different customs offices

- 14) In the event of doing a test, which is the procedure?**

A sample is requested, which is sent to the Central Laboratory in Mexico City, and in a term of 45 days, a report is issued from which it is determined of a legal process follows or not.

- 15) Who is responsible for these tests?**

These analyses are performed at the Customs Office Laboratory in Mexico City by specialized chemists.

- 16) Depending on the results, which authority is notified?**

In first place, the notification is sent to the Customs Office where the product is located and, subsequently, to the Ministry of Finance.

- 17) In the event illegal substances are detected or the importer does not have an import license, what follows?**

Product is seized and item 12 above is implemented.

- 18) Do you have a copy of permits issued, and thus, enable you to identify which companies are authorized to import?**

There is a file on each importer/exporter, provided by the Central Laboratory, and all of this information is included in the data base at the Customs Office.

- 19) In the event the product is addressed to someone different to the "importer", what follows?**

Follow item 12 above.

- 20) Do you have a report of daily list of CFCs coming into the country?**

Yes. There are records of all products, either incoming our outgoing.

- 21) Are reconciliations made on substances received with the products describe on the import manifestation?**

Affirmative.

- 22) In response is affirmative, who is responsible for this control?**

Product reviewers.