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FINAL REPORT

**PROJECT NO. MP/MEX/05/003
"NATIONAL CFC PHASE-OUT PLAN (MEXICO)"**

**ANNUAL VERIFICATION AUDIT OF THE NATIONAL CFC CONSUMPTION IN
MEXICO, 2006**



Despacho
Freyssinier
Morin, S.C.

August 22, 2007
Mexico City, Mexico

United Nations Industrial Development Organization
Z. Pinjo-Dzidal
Officer in Charge

In compliance with professional services contract No. 16001362 dated May 8, 2007, we are performing the audit of Project MP/MEX/05/003, denominated "National CFC Phase-Out Plan (México)", for the period January 1 thru December 31, 2006.

Our progress report is presented below.

Sincerely yours,



C.P.C. José Luis Durán González
Partner

I. INTRODUCTION

Within the framework of the activities described in Contract No. 16001362 dated May 8, 2007, and the guidelines contained in the Contract in respect of Project MP/MEX/05/003, denominated "National CFC Phase-Out Plan (México), we are performing an annual verification audit of the multi-year agreement (MYA) of this Project for the period January 1 thru December 31, 2006.

II. BACKGROUND

Project document No. MEX/PHA/42/INV/120 (UNIDO number: MP/MEX/05/003) 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 Air Quality Management and Public Release and Transfer Registry of the Environment and Natural Resources Secretariat (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 sub sector 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 is being 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 2006, 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 fragile 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 our 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).

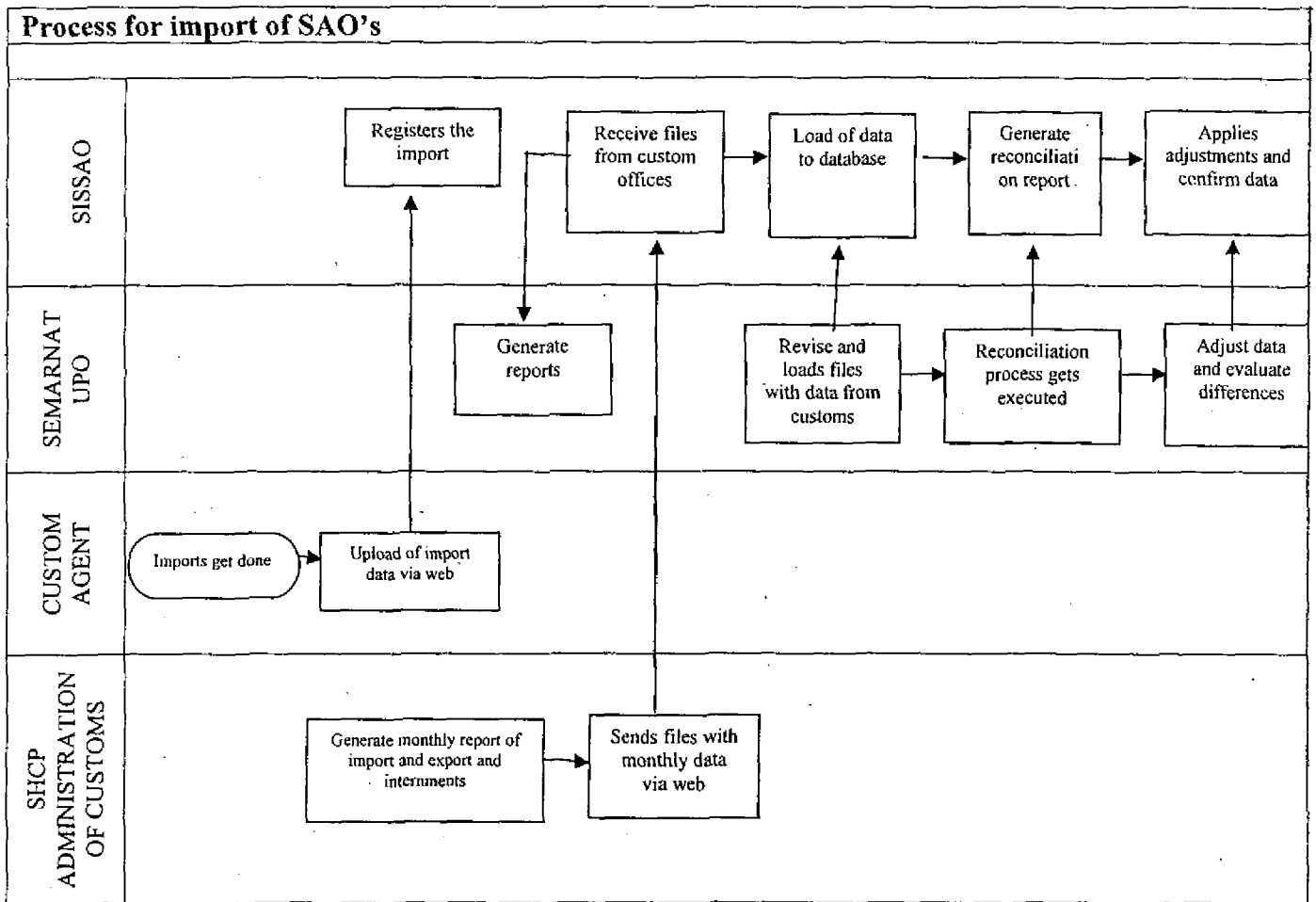
On December 28th of 2004, it was published, in the Official Gazette of the Federation, the Rules for registry, import and export authorizations and export certificates of fumigants, vegetable nutrients and hazardous materials. In the third section of the mentioned rules, in the Article 27, describes the documentation and information that must be submitted to import this substances and if it is controlled by the Montreal Protocol, the request of authorization of SEMARNAT, in order to comply with the Vienna Convention for the Protection of the Ozone Layer and the Montreal Protocol relative to substances that deplete the ozone layer, and whose application was verified during the visits we made to the customs offices in Veracruz, Ciudad Hidalgo (Chiapas) and Pantaco in Mexico City.

In order to train the customs personnel, a *Training Manual for Customs Officers* was published, under the title: "Protection of the Ozone Layer: Elimination of ODSs in Developing Countries". This Manual has been distributed among all customs offices.

It is important to mention that as of today, Mexico has been able to eliminate in more than 95% the consumption of CFCs, thus complying with its commitment with the Montreal Protocol.

Process for import of ODS

This process describes how the import of Substances affecting the Ozone layer is done:



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

The Ozone Protection Unit 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 DuPont, Quimobásicos including the year

2006 and from the National Customs System, so we had been able to proceed to the comparison of the information provided by National Customs System with the information generated by the Unit for the Protection of the Ozone Layer obtained from the corporations.

It is necessary to mention that, SEMARNAT development with the collaboration of Customs and the Ministry of Health, the development of a System for Controlling and Monitoring of Substances that Deplete the Ozone Layer, "SISSAO", which initiated its activities in early 2006. 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 Ozone Protection Unit, in which only two companies 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 2006 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 9 September 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 importation. In year 2006, the authorized quotas for each one of the companies are the following, (information provided by SEMARNAT):

Table 1: Authorized quotas for 2006
In M. Tons

QUOTAS	QUIMOBASICOS	DUPONT
IMPORTATION	80	253
TOTAL	80	253

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

Table 2: Imports data of CFC in 2006 provided by Quimobásicos and DuPont.
In M. Tons

IMPORTS	QUIMOBASICOS	DUPONT
CFC-11	-	18
CFC-12	-	234
CFC-114	10	-
CFC-115*	14	5
TOTAL	24	257
GRAND TOTAL: 281		

Table 3: Exports of CFC in 2006 provided by Quimobásicos and DuPont.
In M. Tons

EXPORTS	QUIMOBASICOS	DUPONT
CFC-11	8.5	-
CFC-12	330	58
CFC-115*	4	2
TOTAL	342.5	60
GRAND TOTAL: 402.5		

The information which was provided by Quimobásicos, DuPont and by SEMARNAT was compared with the following final data provided by Customs.

Table 4: Imports of CFCs, final data provided by Customs Central Laboratory.
In M. Tons

IMPORTS	QUIMOBASICOS	DUPONT
CFC-11	-	18
CFC-12	-	234
CFC-114	10	-
CFC-115*	-	5
TOTAL	10	257
GRAND TOTAL: 267		

*/ CFC 115 is included in the blend R 502, with a concentration of 51%

Table 5: Exports of CFCs, final data provided by Customs Central: Laboratory.
In M. Tons

EXPORTS	QUIMOBASICOS	DUPONT
CFC-11	41	
CFC-12	675	58
CFC-115*	.5	1
TOTAL	716.5	59
GRAND TOTAL: 775.5		

*/ CFC 115 is included in the blend R 502, with a concentration of 51%.

As a result of the above comparison, we determined that both imports as well as exports show differences, since in case of imports the information obtained from the companies are larger than the data provided by customs and in case of exports the information obtained from customs are larger than the data obtained from the companies.

In the revision of the documents provided by Quimobásicos, they sent to customs the quantities declared of CFC 11 and 12 at the end of December 2005, but the registry of the export in the customs was until January and February 2006, this data was confirmed in the audit work papers of 2005. For this reason, and in order to be consistent to the audit of 2005, we are considering the data provided by the customs, that they are also the official data. However, considering the data provided either by the customs or by the companies for the calculation of the national consumption, the consumption limit is not exceeded either Mexico's obligations under neither the Montreal Protocol nor its Agreement with the Executive Committee.

For the effects to this audit, we considered the data provided by customs, shown in table 4 and 5. This is because customs data is registering the real imports and exports of the ODS into and from the country, and because companies are importing ODS using permits from the previous year due to their entry in force. This is happening because the established quota and licensing system allows to the companies import and export ODS out of the calendar year.

V. CONCLUSION OF OUR REVIEW

Based on the quotas assigned by the Mexican Government to companies authorized to import, we conclude that compliance with the assigned quotas was accomplished, since in the case of DuPont, the quota assigned was 253 (two hundred fifty three) tons, of which in accordance with its own records, imported a

total of 257 (two hundred fifty seven) tons in 2006. An excess of 4 (four) M tons was detected, however these 4 (four) M tons were imported with the import permit number 05330040410211 granted on February 18, 2005 by COFEPRIS (Secretariat of Health), with a one-year validity. Considering the exports of 60 (sixty) M tons we determined that DuPont's global consumption was 199 (one hundred ninety nine) M ton. With these results, we conclude that the company complied with its assigned quotas and authorizations.

In the case of Quimobásicos, S.A. de C. V. the imports quota assigned was 80 (eighty) M tons for year 2006, and the company imported only 24 (twenty four) M tons. Regarding the exports, the company registered 342 M tons. This result means that the annual consumption of this company in 2006 was -318 (minus three thousand eighteen) M tons. We conclude that the company complied with its assigned quotas and authorizations.

Taking into consideration the above data -provided by the Customs Central Laboratory-, we determine that the result of the consumption of -706 (minus seven thousand six) M tons from Quimobásicos, subtracted from the 198 (one hundred ninety eight) M tons of DuPont, gives us a total consumption of -508 (fifty thousand eight) M tons, which is within the limit established by the Montreal Protocol for year 2006. Since the authorized limit for this year was 150 (one hundred fifty) M tons, we conclude that 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 ODS) and the reviewed information, we conclude that the annual consumption of the country in 2006 was -529 tons with the following amounts of imports, exports and productions of CFC:

Table 6: Total National Consumption of CFC Mexico in 2006
In M. Tons

Total Imports	267
Total Exports	775
Total Production	0
Verified Total National CFC Consumption	<u>-508</u>

For the purpose of quality assurance of the export data reported by the companies, we visited Quimobasicos on June 20th and DuPont on June 5th in order to verify their export reports.

From the visit to DuPont in Mexico City we can comment the following:

In order to proceed with our review, we obtained copies of the summary reports on exports for the period January–December 2006, having observed that the 2 products included on the report, correspond to substances controlled according to Annex A of the Montreal Protocol, of which 2 products were subject to review, since exports of these 2 products were made to 7 countries during year 2006, resulting a scope of 100%.

Based on the paragraph above, we prepared work papers for the following products:

- a. CFC-12
- b. R-502

We were shown the data base on exports, explaining each one of the fields of record, providing us a copy which included only the columns we requested for the review of weight (kilograms) sold to each selected country as shown in the following table:

Table 1: Exports of CFC-12
In M. Tons and kilograms

PRODUCT: CFC – 12			
COUNTRY	REPORTED WEIGHT (TONS)	WEIGHT REVIEWED (KILOGRAMS)	SCOPE
Belice	1	885	100%
Costa Rica	.5	450	100%
Rep. Dominicana	40	40,248	100%
Ecuador	4	4,162	100%
Guatemala	10	10,306	100%
Haití	2	1,734	100%
TOTAL	57.5	57,786	

Table 2: Exports of R-502
In M. Tons and kilograms

PRODUCT: R – 502			
COUNTRY	REPORTED WEIGHT (TONS)	WEIGHT REVIEWED (KILOGRAMS)	SCOPE
Guatemala	2	1,973	100%
Belice	1	680	100%
Nicaragua	0	41	100%
Haití	1	544	100%
TOTAL	4	3,238	

Table 3: The scope of our review by each product:
In M. Tons

PRODUCT	WEIGHT EXPORTED	WEIGHT REVIEWED	SCOPE %
CFC – 12	57.5	57.5	100
R – 502	4	4	100

From the review of documents on file of export invoices, we conclude on the existence of adequate controls and safeguarding of the invoices, as well as the documentation supporting the transaction.

From the visit to Quimobasicos we can comment the following:

In order to proceed with our review, we obtained copies of the summary reports on exports for the period January–December 2006. We have observed that, from the 6 products included in the report, only 3 products correspond to substances controlled by Annex A of the Montreal Protocol, of which 3 products were subject to review, since exports of these 3 products were made to 11 countries during year 2006, resulting a scope of 100%.

Based on the paragraph above, we prepared work papers for the following products:

- a. CFC-11
- b. CFC-12
- c. R-502

Quimobasicos showed us their export data base, explaining each one of the records; Quimobasicos provided us a copy which included only the columns we requested for the review representing the weight (kilograms) of sold chemicals to each one of the clients.

Resulting from the review of the invoicing data base, the consecutive list of export invoices was compiled, such list starting with document No. DY001896, dated on January 11th and concluding with the document CE000045, dated on December 22nd, 2006.

For purposes of our review, we selected sales by product and weight by kilogram, by country for the period January-December 2006, integrating and reviewing 100% for each, the results are shown in the following tables.

Table 1: Exports of CFC-11
In M. Tons and kilograms

PRODUCT: CFC - 11			
COUNTRY	REPORTED WEIGHT (M TONS)	WEIGHT REVIEWED (KILOGRAMS)	SAMPLE
El Salvador	2	1,755	100%
Nicaragua	2	2,040	100%
Ecuador	1	993	100%
Panama	4	3,736	100%
TOTAL	9	8,524	

Table 2: Exports of CFC-12
In M. Tons and kilograms

PRODUCT: CFC - 12			
COUNTRY	REPORTED WEIGHT (M TONS)	WEIGHT REVIEWED (KILOGRAMS)	SAMPLE
Belize	2	2,300	100%
Bolivia	2	2,176	100%
Colombia	277	277,266	100%
Costa Rica	3	3,245	100%
Ecuador	10	10,140	100%
El Salvador	-3	-3,536	100%
Republica Dominicana	17	16,638	100%
Guatemala	2	2,380	100%
Haiti	5	4,828	100%
Nicaragua	14	13,864	100%
Panama	1	1,175	100%
TOTAL	330	330,476	

Table 3: Exports of R-502
In M. Tons and kilograms

PRODUCT: R-502			
COUNTRY	REPORTED WEIGHT (M TONS)	WEIGHT REVIEWED (KILOGRAMS)	SAMPLE
Panama	.5	544	100%
Belize	.4	408	100%
Guatemala	1	952	100%
Nicaragua	1	1,088	100%
Colombia	.5	544	100%
Haiti	.3	272	100%
TOTAL	3.7	3,808	

Table 4: The scope of our review by each product:
In M. Tons

PRODUCT	WEIGHT EXPORTED	WEIGHT REVIEWED	SCOPE %
CFC-11	9	9	100%
CFC - 12	57.5	57.5	100%
R - 502	4	4	100%

In spite of the difference between information from Quimobásicos and customs due to the dates of the last exports of 2005, and from the documentary revision of export invoices of the companies Quimobásicos and DuPont, we conclude on the existence of adequate controls and safeguarding of the invoices, as well as the documentation supporting the transaction.

In order to be consistent, the data that we consider is the custom data.

The documentation support and safeguarding of the invoices in each company is adequate, also the registry of the movements in the Quimobásicos, the only difference detected is in the date that the customs declared the exit of the merchandise from the country, not from the company.

Additionally, and as part of our review, we made three field visits to the Customs Offices at Veracruz, Ciudad Hidalgo (State of Chiapas) and Pantaco in Mexico City. The purpose 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 the three cases the installations are adequate, personnel is trained to receive or ship out these substances and maintain adequate controls for registering all orders handled by those three 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 order.

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 order, checking the validity of the registration based on the database of Customs.

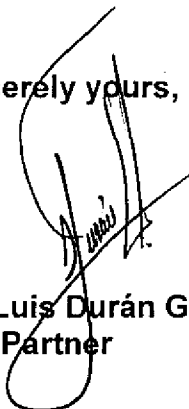
In the event a product does not concur in any detail with the corresponding documentation, it is seized and brought to the legal section of the Customs Office to be regularized. In the event that a favorable solution is not reached, the case is turned over to the legal department of the Ministry of Finance

The Customs Offices that were visited showed the equipment (refrigerant analyses, computers and printers) provided by UNIDO through SEMARNAT to perform these analyses; as well the Customs Office Central Laboratory in Mexico City performs these analyses with specialized chemists.

The questionnaires applied to the responsible employees of the visited Customs Offices at Veracruz, Ciudad Hidalgo (State of Chiapas) and Pantaco Custom Mexico City are presented in Annex 1, 2 and 3 of this report, it's important to mention that this questionnaires are the same that we applied to the responsible employees of the visited Customs Offices at Veracruz, Matamoros, Nuevo Laredo, Colombia (State of Nuevo León) and Pantaco Custom Mexico City last years.

In accordance with our review and the interviews held with personnel of the Ozone Protection Unit at SEMARNAT, with personnel of Quimobásicos during the visit to the plant, personnel of DuPont during the visit to their offices Central Customs Laboratory and Customs Offices of Veracruz, Ciudad Hidalgo, (State of Chiapas) and Pantaco in Mexico City, 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 in 2006 reduction of CFCs consumption was accomplished even below the quota authorized by the Montreal Protocol.

Sincerely yours,

A handwritten signature in black ink, appearing to read 'José Luis Durán González', is written over a large, stylized circular scribble.

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?**

Yes, we received the Manual and the training.

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

Yes

- 3) **Who was responsible for the training?**

UNIDO and SEMARNAT, three years ago.

- 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, there 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?**

Yes, they know and read it.

- 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 of 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 order, 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 order, invoice, and shipping document or attached list which indicates the order 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 order or invoice, in the case of consolidated orders, 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 import manifestation,

invoice or in attached list indicating the import manifestation 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 order 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 Norms, 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 reviewers and samples coordinator review the products. The process is automated, the truck goes trough 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 in any Chemical area, although in this area o the Customs are working people of some specialties.

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

Yes there is 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?

Trough the "DIA".

- 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 and an "Incidence document" is prepared (per Article 151 of Customs Law). 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?**

Yes the tests are made in the Customs Office, where they have the equipment installed for the purpose of analyzing ODSs.

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

The analysis is performed in the equipment installed.

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

Specialized chemists at Customs Office.

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

The Administrator or Assistant Administrator, at the Customs Office Central Laboratory in Mexico City and SEMARNAT.

- 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?**

Yes, we have copy.

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

Product is seized and item 12) above is implemented.

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, documental and physical.

22) If response is affirmative, who is responsible for this control?

Product reviewers.

23) Do they have available and are knowledgeable of the Rules in respect of the Records, Import Authorizations for Imports and Exports of Anti-Plague Products, Natural Nutrients and Substances, and Toxic/Hazardous Materials?

Yes.

24) Which controls exist for compliance with clause IV of Article 26?

They don't know the Article.

ANNEX 2

QUESTIONNAIRE FOR CUSTOMS OFFICES CD. HIDALGO, CHIAPAS 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?

The person who answered this questionnaire hasn't received the training.

- 3) Who was responsible for the training?

N/A.

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

Affirmative. MOA – Customs Operating Manual (Annex II).

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

Yes.

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

At the time the product arrives, a first recognition is carried out, going through the "fiscal red-light": if green, the product is transferred to the module of second recognition; if red, the process requires the checking of supporting documentation and made a sample.

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

When products reach customs, the documents to be requested consist of the order, 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 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 order, invoice, shipping document or attached list which indicates the order 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 order or invoice, in the case of consolidated orders, 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 order, invoice or in attached list indicating the order 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 order 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 Norms, 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?**

The product reviewers and samples personal.

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

The intervention of chemists/chemical biologist and technical personnel.

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

It is obtained from SISSAO.

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

The SISSAO has established the parameters.

- 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 and an "Incidence document" is prepared (per Article 151 of Customs Law).

- 13) **Is there some test to detect unauthorized substances?**
Yes they use the equipment given by SEMARNAT.
- 14) **In the event of doing a test, which is the procedure?**
Administrative procedure.
- 15) **Who is responsible for these tests?**
Sample personnel.
- 16) **Depending on the results, which authority is notified?**
Customs Office Central Laboratory in Mexico City and SEMARNAT.
- 17) **In the event illegal substances are detected or the importer does not have an import license, what follows?**
Administrative procedure in base of Customs Law.
- 18) **Do you have a copy of permits issued, and thus, enable you to identify which companies are authorized to import?**
SISSAO is consulted.
- 19) **In the event the product is addressed to someone different to the "importer", what follows?**
Follow item 17 above.
- 20) **Do you have a report of daily list of CFCs coming into the country?**
No, because this Customs Office only have been CFC's exports.
- 21) **Are reconciliations made on substances received with the products described on the import manifestation?**
Yes.
- 22) **If response is affirmative, who is responsible for this control?**
The product reviewers and samples personnel.

- 23) Do they have available and are aware of the Rules in connection with Records, Import and Export Authorizations, and Export Certificates of Anti-Plague Products, Natural Nutrients and Toxic or Hazardous Substances and Materials?

Yes.

- 24) Which controls are in existence for observing compliance with clause IV of Article 26?

"DIA" program.

ANNEX 3

QUESTIONNAIRE FOR CUSTOMS OFFICES PANTACO MEXICO CITY 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?

The person who received the training is now in another Customs Office.

- 3) Who was responsible for the training?

N/A.

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

The Customs Operating Manual (MOA) to detect materials of difficult identification.

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

Yes.

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

Customs has not received containers with CFCs, but have received containers with products used by CFCs. In the case of these products, verification follows on the compliance with rules and restrictions applicable to these products, particularly with air conditioning.

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

When products reach customs, the documents to be requested consist of the order, 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 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 order, invoice, shipping document or attached list which indicates the order 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 order or invoice, in the case of consolidated orders, 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 order, invoice or in attached list indicating the order 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 order 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 Norms, 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?

If Customs intervenes in the review, a "product verifier" and/or customs officer. In the case of "unloading" free of supervision, the review takes place at Central Administration and "Glosa".

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

Yes this people had a training course with different area manager and after this course they have an exam.

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

Yes the Customs Operating Manual (MOA).

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

Through consultation of the authorization at SISSAO.

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)?

Substance is seized according Article 151 of Customs Law and SEMARNAT and other corresponding entities are notified.

13) Is there some test to detect unauthorized substances?

Yes this test is making in Customs Office Central Laboratory in Mexico City

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

Substance is seized according Article 151 of Customs Law and SEMARNAT and other corresponding entities are notified.

15) Who is responsible for these tests?

The Customs Office Laboratory in Mexico City by specialized chemists.

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

SEMARNAT.

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

The substance is seized; subsequently SEMARNAT is contacted to obtain supplementary information. Customs administrative process: irregularities test period, the substance is subject to a bond, and final destination is determined jointly with SEMARNAT.

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

Hard copies, no, but we verify the authorizations filed at SISSAO.

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

They verify the authorizations filed at SISSAO.

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

In the event that substances entered Mexico, these are registered before SISSAO, existing an Integral Automated Customs System, in which the customs tariffs are recorded for each and every item entering Mexican Territory and the customs tariffs corresponding to the type of ODS is selected and the information is sent out to SEMARNAT.

21) Are reconciliations made on substances received with the products described on the import manifestation?

Affirmative.

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

Product reviewers, who confront the data on the application, checking they are duly reported and physically supporting the products.

23) Do they have available and are aware of the Rules for Records, Import and Export Authorizations and Export Certificates for Exporting Anti-Plague Products, Natural Nutrients and Toxic or Hazardous Substances and Materials?

No.

24) Which controls are in place to comply with clause IV of Article 26?

N/A.