NOTE BY THE DIRECTOR–GENERAL

UPDATED ASSESSMENT OF A METHODOLOGY FOR THE SELECTION OF SCHEDULE 3 PLANT SITES FOR INSPECTION

Background

1. The Executive Council (hereinafter “the Council”) at its Seventeenth Session adopted a decision (EC-XVII/DEC.7, dated 1 December 1999) in regard to the methodology for the selection of Schedule 3 plant sites; the Technical Secretariat (hereinafter “the Secretariat”) has been selecting these plant sites in accordance with this decision (the details of the method were described in EC-XVI/TS.4 (dated 6 September 1999, and Corr.1, dated 21 September 1999). A Note by the Director-General, assessing for the first time the methodology for selecting Schedule 3 plant sites for inspection, was issued in 2009 (S/772/2009, dated 17 June 2009). An updated assessment of the methodology was issued in 2010 (S/843/2010, dated 7 May 2010). The Secretariat gave presentations on this issue to States Parties on the margins of Industry Cluster meetings in 2009, 2010, and 2011.

2. This Note provides a further update, and is based on the results of the Schedule 3 inspections conducted until the end of 2012 and the data that has been declared in the annual declarations on anticipated activities (ADAAs) for 2013 (that is, the information used for the selection of plant sites to be inspected in 2013).

3. On the basis of the analysis contained in S/843/2010 and as a result of the application of the updated data, this Note provides a projection as to how the distribution of the Schedule 3 inspections could change over the coming years and discusses possible options for addressing the anticipated reduction in the number of States Parties that still have Schedule 3 plant sites subject to initial inspection (that is, plant sites that have not been previously inspected).

Analysis

4. The information provided in the ADAAs for 2013 indicates that there are 412 inspectable Schedule 3 plant sites in 34 States Parties. As shown in Figure 1, while the number of declared Schedule 3 plant sites is low in most State Parties, one State Party has declared nearly half of all sites.
5. From 1998 (when the Schedule 3 inspections began) until 31 December 2012, the Secretariat carried out 367 Schedule 3 inspections in 38 States Parties (see Figure 2 below). An analysis reveals the following facts:

(a) Three of these 38 States Parties no longer possess declarable Schedule 3 plant sites. As at 31 December 2012, 35 States Parties had declarable Schedule 3 plant sites; in one of these States Parties, the site is currently not inspectable.

(b) Thirty-three sites have been inspected twice and two sites have received three inspections.

(c) Of the 336 inspected plant sites, 259 are still listed in the database as inspectable (this number includes plant sites that were split after the inspections), while 77 are no longer inspectable.

(d) As shown in Figure 2, all 35 States Parties that have declared Schedule 3 plant sites have already received inspections.

(e) Among the 34 States Parties that have declared currently inspectable Schedule 3 plant sites, 25 States Parties have had all of their inspectable Schedule 3 plant sites inspected. As a consequence, only nine States Parties now have inspectable Schedule 3 plant sites that are subject to initial inspection. A total of 154 inspectable Schedule 3 plant sites have never been inspected, but fewer than 20 of them are not in the one State Party that has declared nearly half of all Schedule 3 sites (see Figure 3 below).
6. Based on the 29 budgeted Schedule 3 inspections for 2013 and a subsequent inspection rate of 30%, 20 initial inspections will be conducted in 2013.

**Projected results of Schedule 3 site selection**

7. According to the ADAA data for 2013, the number of Schedule 3 plant sites that have never been inspected before (that is, plant sites that can be selected for initial inspection in each eligible State Party) is shown in Figure 3. Figure 3 also illustrates the uneven distribution of such plant sites (the unevenness being due primarily to the declared number of Schedule 3 plant sites per State Party). It can be reasonably inferred that, continuing the current practice of maintaining the current number of initial Schedule 3 inspections per year at 20, in combination with a continued decrease in the number of States Parties with plant sites that have not been inspected before, there will be, in the near future, only one State Party with uninspected Schedule 3 plant sites remaining subject to an initial inspection.
Paragraph 16 of Part VIII of the Verification Annex to the Convention (hereinafter “the Verification Annex”) limits the maximum combined number of Schedule 3 and other chemical production facility (OCPF) inspections per year within a single State Party to three, plus five percent of the total combined number of Schedule 3 and OCPF plant sites declared by that State Party, or 20 inspections per year, whichever of these two figures is lower. For the only State Party remaining in the selection pool for Schedule 3 plant sites, the maximum combined number of Schedule 3 and OCPF inspections per year is 20.

Consequently, assuming that the number of Schedule 3 inspections per year were to remain at 29, and the number of subsequent inspections were to remain at nine, all initial Schedule 3 inspections would likely be conducted in the only remaining State Party in the selection pool. This would result in no (that is, zero) OCPF inspections being conducted in that State Party (which also has a large number of inspectable OCPFs). A reduction in the number of annual initial Schedule 3 inspections to about 10 should thus be considered for implementation as soon as possible, in order to allow for some OCPF inspections to be conducted in the one State Party remaining in the selection pool for initial inspections.

Further increasing the number of subsequent Schedule 3 inspections (that is, beyond nine per year) would lead to shorter intervals between subsequent inspections at the same plant site. In particular, the site-selection methodology (specified in EC-XVII/DEC.7) could subject States Parties having only one inspectable Schedule 3 plant site to an especially high frequency of inspections (compared to Schedule 3
plant sites in States Parties having larger numbers of such sites). Such a plant site could be inspected more than once in three years. The “Policy Guidelines for Determining the Number of Article VI Inspections” states that “[I]nspectable scheduled and unscheduled Article VI facilities which have not yet received inspections, should be given priority in their related process of site selection” (operative paragraph 1(b) of EC-66/DEC.10, dated 7 October 2011). In this regard, 10 initial Schedule 3 inspections would represent 7.8% of the sites that have not yet received inspections, while nine subsequent Schedule 3 inspections would represent only 3.2% of the sites that have already received inspection.

Conclusions

11. The use of the Schedule 3 selection methodology set out in EC-XVII/DEC.7 has ensured that all the States Parties with inspectable plant sites have received inspections. In this context, the current selection methodology has fulfilled its purpose of achieving a broad geographical distribution of initial Schedule 3 inspections.

12. It can be anticipated, based on the results reported in S/772/2009 and S/843/2010, that there will be, in the near future, only one State Party with remaining uninspectable Schedule 3 plant sites subject to an initial inspection. The current level of initial Schedule 3 inspections is 20 in 2013. Since no more than 20 plant sites in that one remaining State Party can be inspected each year (paragraph 16 of Part VIII of the Verification Annex), the number of OCPF inspections in that State Party will be reduced to zero. The Secretariat consequently considers that the current level of initial Schedule 3 inspections cannot be continued.

13. The Director-General has, to the fullest extent possible, addressed this situation by progressively increasing the rate of subsequent Schedule 3 inspections, from 10% in 2009 to 30% in 2012 (paragraph 57 of C-14/DG.13, dated 30 November 2009; paragraph 34 of EC-67/DG.14, dated 14 February 2012; and paragraph 42 of EC-71/DG.15, dated 19 February 2013).

14. Reducing the total number of Schedule 3 inspections from 29 to 19 would deal effectively with the situation described in this Note for the foreseeable future, while at the same time:

(a) maintaining the deterrent effect of subsequent inspections; and

(b) maintaining the current frequency associated with subsequent inspections.

15. The Director-General will continue to review the rate of subsequent inspections annually, taking into account both the distribution of the remaining plant sites that are subject to initial inspection and any decision that the Conference of the States Parties might take in relation to the annually budgeted number of Schedule 3 inspections.