



OEWG 38 HIGHLIGHTS: THURSDAY, 21 JULY 2016

OEWG 38 convened for its final day in Vienna, Austria, on 21 July 2016. In the morning, delegates convened in plenary to hear updates on outstanding agenda items. The HFC Management Contact Group met throughout the day.

In the late afternoon, OEWG 38 closing plenary convened. Due to OEWG 38 being unable to conclude its work, the meeting was suspended at 5:45 pm. Discussions on HFC Management will be held in parallel to ExMOP 3, which convenes from 22-23 July 2016.

In the evening, the Government of Austria hosted a reception.

PLENARY

OEWG Co-Chair Leslie Smith opened the morning plenary session, inviting contact group co-chairs to provide progress reports.

On HFCs management, Contact Group Co-Chair Xia Yingxian informed that the contact group exchanged views on freeze year and reduction steps but requested more time. OEWG Co-Chair Smith confirmed additional time for the group.

On the TOR for MLF replenishment, Contact Group Co-Chair Obed Baloyi said the group finalized a submission for MOP 28's consideration. He noted a discussion on the UN scale of assessment needed to be resolved outside the group. OEWG Co-Chair Smith recommended participants address this issue in the meeting margins.

ISSUES RELATED TO EXEMPTIONS UNDER ARTICLES 2A-2I OF THE MONTREAL PROTOCOL:

Nominations for EUEs for 2017: CHINA informed that the draft decision on lab and analytical uses (UNEP/OzL.Pro.WG.1/38/CRP.5/Rev.1) had been revised and submitted for consideration by the OEWG. OEWG Co-Chair Smith said the CRP would be forwarded to MOP 28 for discussion.

Nominations for CUEs for 2017 and 2018: OEWG Co-Chair Smith observed that parties had not provided additional information and closed the agenda item.

TEAP REPORT ON UPDATED AND NEW INFORMATION ON ALTERNATIVES TO ODS: The TEAP informed that no further discussions had taken place and that the Panel will take into consideration comments and guidance received during its plenary presentation when updating the report. OEWG Co-Chair Paul Krajnik closed the agenda item.

ISSUES RELATED TO THE PHASE-OUT OF HCFCs: OEWG Co-Chair Paul Krajnik observed no CRP had been submitted and closed the agenda item.

TEAP ORGANIZATIONAL MATTERS: OEWG Co-Chair Krajnik observed no CRP had been submitted and closed the agenda item.

OTHER MATTERS: In the morning, CHINA informed that parties had made some modifications to its proposal on creating an *ad hoc* coordination group on standards (UNEP/OzL.Pro.WG.1/38/CRP.1) but requested more time for finalizing the document. OEWG Co-Chair Smith confirmed additional time for the group.

During the afternoon's plenary session, CHINA informed that, following consultations, it had revised its CRP. Explaining that delegates had not reached agreement, and supported by the EU, he proposed continuing discussion. AUSTRALIA, supported by the US and JAPAN, observed that some parties needed to consult with national and international bodies on the issue and suggested holding the document until MOP 28. OEWG Co-Chair Smith said the CRP will be forwarded to MOP 28 for further discussion.

CLOSING SESSION: OEWG Co-Chair Krajnik introduced the report of the meeting (UNEP/OzL.Pro.WG.1/38/L.1). Participants adopted the report without amendment.

OEWG Co-Chair Krajnik suspended OEWG 38 at 5:45 pm for the purpose of enabling further negotiations on the agenda item on the Dubai Pathway on HFCs.

CONTACT GROUPS

HFC MANAGEMENT CONTACT GROUP: Contact Group Co-Chair Patrick McNerney opened the morning session, which addressed Article 5 baselines, freeze dates and schedules.

On baseline dates, Rwanda, for the AFRICAN GROUP, including CAMEROON, proposed 2017-2019, CHINA and BAHRAIN called for 2019-2025, and SAUDI ARABIA suggested 10 years after amendment adoption. IRAN and SRI LANKA endorsed the Indian proposal. CAMBODIA supported a baseline date beyond 2020, suggesting this date be agreed on before a freeze is confirmed. SAMOA agreed with early calculation dates for baselines but urged for some flexibility.

On baseline calculations, CHINA said 100% of HFC consumption plus 100% of HCFC consumption was equitable, realistic and easy to understand.

On grace periods, IRAN suggested 10-15 years after the start of the non-Article 5 schedule. CHINA called for 10-12 years. BAHRAIN urged 10 years. SRI LANKA said it needed a long grace period.

On freeze periods, CAMEROON said it should start in 2022 but indicated flexibility. CHINA suggested 2025-2030. SRI LANKA endorsed the Indian proposal.



On HFC reduction start dates and schedules, IRAN called for each five-year reduction step to be decided five years in advance. CHINA suggested the first reduction be no more than 10% of the baseline, then accelerated thereafter. RWANDA and the EU called for agreeing on the details of an Article 5 schedule after amendment adoption.

MEXICO stressed that a lengthy and indeterminate schedule would disadvantage Article 5 countries as they will lag behind more and more as time goes on and non-Article 5 countries increasingly use HFC-free technologies. He stressed swift action will result in access to new technology and timely financing.

On the residual, CHINA called for it to be above 15%, with countries free to determine how the residual is applied.

Noting calls for review mechanisms in an amendment regarding Article 5 parties, CHINA said the MOP should also conduct reviews of non-Article 5 HFC data.

Noting many interventions supported 10 years between non-Article 5 and Article 5 schedule steps, CANADA said the North American proposal calls for an Article 5 reduction in 2026, stressing commencement of an HFC phase-down has been delayed for many years. He said the final step has a 10-year differentiation. SWITZERLAND noted financial resources for an ambitious phase-down would be more significant, explaining Article 5 producers will be forced to either lose non-Article 5 markets or adopt new technologies without financial support if the Article 5 phase-down schedule extends much beyond that of non-Article 5 parties. The US stated that early finance is key, noting that such support would be associated with early start dates. KUWAIT underscored the need for flexibility related to national circumstances.

The EU emphasized that their proposal aims to address several challenges: the lack of data; availability of alternatives; the issue of growth; the links to the HCFC phase-out; and the importance of flexibility to address national circumstances.

PAKISTAN introduced its proposal (UNEP/OzL.Pro.WG.1/38/CRP.4), noting that it aims to set the phase-down target for HFC production and consumption at 50% of the baseline, and that, for Article 5 countries, once the target has been reached, the phase-down will be reviewed with respect to the availability of suitable alternate technologies.

Regarding non-Article 5 baselines and schedules, IRAN endorsed the Indian proposal regarding the freeze data and baseline for non-Article 5 parties but supported the EU proposal's reduction steps. CHINA said it respected the non-Article 5 baselines and schedules in the North American and EU proposals since they had carefully considered their own situations.

Regarding funding, CHINA called for "perfecting" the funding solutions developed during the resumed OEWG 37 session and implementing them in the MLF.

SENEGAL urged finding a common ground, suggesting a compilation text containing all the amendment proposals as a way forward. AUSTRALIA endorsed having the co-chairs summarize the positions voiced this week in some sort of paper to help negotiators determine areas of convergence.

COLOMBIA proposed creating a working group to review the baseline, freeze and reduction positions and develop concrete solutions. SAUDI ARABIA and the US supported continuing discussions in a working group as long as it is in an informal setting. The US reminded participants that OEWG 37 had agreed on outputs on the challenges, which should be considered moving forward, and supported efforts to "crystalize" views on baselines, freeze dates and reduction schedules.

FSM supported discussion in any group that had to report back to the contact group.

The EU, CANADA, SAUDI ARABIA, AUSTRALIA, and SOUTH AFRICA supported the group. BURKINA FASO also supported addressing elements collectively, reflecting that informal groups can be a format for making headway. The EU and SAUDI ARABIA supported addressing baselines, freeze year and reduction steps as part of a package, with the EU noting that time is passing.

BELARUS emphasized that the contact group's terms of reference requires discussing two issues not yet addressed: flexibility in implementation; and maintenance of the MLF. He said that these should be discussed in the contact group before an informal group is established or an additional informal group on those two issues should be established. CHINA, KUWAIT, PAKISTAN, and others agreed such a group could discuss a range of issues.

INDIA said all discussions on these issues must be conducted in the contact group. PAKISTAN supported India but expressed flexibility, and, supporting Belarus, observed many issues still need to be resolved.

Contact Group Co-Chair Xia noted general support for an informal "setting," rather than group, to discuss baselines, freeze and reduction and schedules. INDIA said it could agree to this arrangement if the "setting" would also discuss related issues that remain unresolved following the OEWG 37's work on generating solutions, such as technology transfer and intellectual property rights. Contact Group Co-Chair Xia said an informal "setting" would convene at a time to be set by the OEWG plenary and co-facilitated by the contact group co-chairs.

IN THE CORRIDORS

What was ostensibly the final day of OEWG 38 began with mixed feelings. In some instances there was delight, for example when delegates crowded into a room during lunch to see the presentation by New Zealand on how to calculate (and demystify) baselines. "Everyone was so wowed by New Zealand's calculations that no one had any questions," quipped one, adding "we were simply amazed by how easy it is to plug in the numbers."

Other moments underscored participants' willingness to work, which has been increasingly shown over the course of the last week. Bilateral discussions over coffee and in groups huddled around desks took place throughout the day, with participants discussing the "merits and demerits" of the various proposals. "At a minimum we have a better understanding of their concerns," stressed a seasoned delegate.

As the collegial mood continued into the afternoon, however, concern started to appear on the face of some parties, even though it looked like OEWG 38 was due to reach a timely end. One delegate was heard voicing his disquiet saying, "I'm not sure we've made enough progress on the amendment proposals," with another cautioning, "we don't have much to submit to the ministers tomorrow."

The latter concerns were recognized as it became clear that the OEWG needed more time to be able to present ministers with concrete progress on which to provide political direction. With the session ultimately suspended, some observers felt disheartened with yet another OEWG not being able to complete its work on time. The majority, however, were positive, stressing the progress that has been made. Several pointed out that OEWG 38 will ultimately produce some agreement or text on baselines, freeze dates and reduction schedules, saying such an outcome represents serious progress. When one participant questioned whether two days was really sufficient time, his colleagues responded, "two 24-hour blocks of time will be sufficient for a really solid outcome." Convivial discussions during the evening's reception also suggested opportunities for the ozone family to once again find common ground.