

**COP 9/MOP 23 HIGHLIGHTS:
MONDAY, 21 NOVEMBER 2011**

The preparatory segment of the ninth meeting of the Conference of the Parties (COP 9) to the Vienna Convention for the Protection of the Ozone Layer and the twenty-third Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer (MOP 23) opened in Bali, Indonesia, on Monday, 21 November 2011.

In the morning, delegates heard opening statements, addressed organizational matters, and heard reports of the Technology and Economic Assessment Panel (TEAP) replenishment task force.

During the afternoon, delegates discussed essential use exemptions and critical use nominations.

OPENING OF THE PREPARATORY SEGMENT

Marco González, Executive Secretary, Ozone Secretariat, described the accomplishments of the Montreal Protocol, *inter alia*: full compliance in phasing out CFCs and halons by over 95% of the parties in 2010; and the phase out of 98% of all substances controlled under the Protocol. He urged parties to continue their efforts and commitments, and underscored linkages with climate change and sustainable development, noting that one treaty and one group alone cannot protect the complex global environment. González highlighted agenda items on the: replenishment of the Multilateral Fund (MLF); proposals to expand the Protocol to address HFCs; reviewing the findings of assessment panels and essential and critical-use exemptions; and TEAP operations.

The Indonesian Minister for Environment, Balthasar Kambuaya, opened MOP 23, and introduced the draft Bali declaration, which he said was a way forward for the transition towards low global warming potential alternatives (GWP) to ODS. He encouraged parties to support it.

ORGANIZATIONAL MATTERS

Preparatory Segment Co-Chair Gudi Alkemade (the Netherlands), introduced the agenda.

BURKINA FASO proposed consideration of their draft decision to mobilize funds other than the MLF to accelerate the phase-out of hydrochlorofluorocarbons (HCFCs) in Africa under other matters, and delegates agreed.

ARGENTINA proposed addressing adjustment for inflation in national programmes, and parties agreed this issue would be discussed under the item on replenishment.

On methyl bromide alternatives in agriculture, EGYPT highlighted ongoing difficulties for farmers, requesting more sensitive application of measures from 2014, proposing discussion of this under other matters.

UGANDA requested information on all the Secretariat's promotions and appointments made over the past ten years, as well as related budgets and financial reports, and Co-Chair Alkemade asked the Secretariat to provide this.

INDONESIA suggested including a Bali declaration proposed by Indonesia in the agenda to be discussed under other matters, and the parties agreed.

INDIA, supported by CHINA, BAHRAIN, KUWAIT, LEBANON, MALAYSIA, VENEZUELA, and BRAZIL proposed the deletion of the agenda item on the two proposals to amend the Montreal Protocol to include HFCs, stating that HFCs are outside the mandate of the Montreal Protocol, proposing instead that parties concentrate on priority issues within the Protocol's mandate.

Stating that the amendment proposals on HFCs were submitted in accordance with correct procedure, six months in advance of MOP 23, the US, supported by the EU and SWITZERLAND, said this issue should be discussed in a contact group. The EU and CANADA noted that at MOP 22 in Bangkok, 91 parties signed a declaration on the global transition away from HCFCs and CFCs to environmentally-sound alternatives, which declares the signatories intent to pursue further action under the Montreal Protocol aimed at transitioning the world to environmentally sound alternatives to HCFCs and CFCs. BURKINA FASO, MOROCCO, NIGERIA, and the DOMINICAN REPUBLIC supported discussion of this issue in a contact group. The FEDERATED STATES OF MICRONESIA underscored that the increased production of HFCs is being driven by the Protocol's agreement to phase out HCFCs.

MEXICO, emphasizing the contribution of the scientific community, underscored the need to discuss impacts of alternatives to ODS.

Co-Chair Alkemade proposed that the issue remain on the agenda for a "timed discussion." She said concerns of all parties would be reflected in the meeting report. Delegates agreed and the agenda was adopted.

CONSIDERATION OF VIENNA CONVENTION AND COMBINED VIENNA CONVENTION AND MONTREAL PROTOCOL ISSUES

FINANCIAL REPORTS AND BUDGETS OF THE TRUST FUNDS FOR THE VIENNA CONVENTION AND THE MONTREAL PROTOCOL: Preparatory Segment Co-Chair Ndiaye Cheikh Sylla (Senegal) introduced this item, to which CANADA, JAPAN, SWITZERLAND, SWEDEN, GERMANY, the GAMBIA, FRANCE, MEXICO, the US, and DENMARK volunteered to participate in a budget committee, chaired by Alessandro Giuliana Peru (Italy).

STATUS OF RATIFICATION OF THE VIENNA CONVENTION, THE MONTREAL PROTOCOL, AND THE AMENDMENTS TO THE MONTREAL PROTOCOL: The Secretariat introduced this item and parties requested a draft decision be prepared for consideration of the high-level segment.

MONTREAL PROTOCOL ISSUES

REPLENISHMENT OF THE MULTILATERAL FUND FOR THE IMPLEMENTATION OF THE MONTREAL PROTOCOL: Supplemental report of the TEAP replenishment task force: TEAP members Shiqu Zhang, Lambert Kuijpers, and Daniel Goldberg presented the

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supplemental report of the TEAP replenishment task force (RTF) for 2012-2014 and beyond. Total required funding is estimated at US\$460-540 million, compared to US\$390-477 million in the main report. The study is based on: HCFC Phase-Out Management Plans (HPMPs) approved by the MLF Executive Committee; six scenarios applied for not yet approved HPMPs; and production closure funding. Findings include, *inter alia*: 86 parties have submitted 2010 baseline data while 59 parties have not; production closure funding ranges from US\$193-218 million; HCFC feedstock production doubled every 3 years during the last decade; and institutional strengthening costs, using a 3% inflation rate, would increase by \$1.34 million.

Goldberg presented the RTF's assessment, proposing funding levels of approximately US\$500 million, US\$790 million, and US\$797 million, for the first, second, and third trienniums respectively.

INDIA and SWITZERLAND sought clarification on whether the closure of swing plants was eligible for funding; and Goldberg affirmed this had been considered as an option.

CHINA stressed that funding levels should be based on needs of developing countries, calling on parties to recognize the need for "efficient and sustained funding" for compliance.

CANADA requested indication of replenishment levels based on different scenarios such as: funding of 10% of a production baseline, "exclusion of funding for swing plants," and redirection of some HCFCs to feedstock uses.

Co-Chair Sylla proposed, and delegates agreed, that representatives from Belgium and St Lucia chair the Replenishment Contact Group to continue discussion of these issues. Co-Chair Sylla welcomed comments by parties on the TEAP presentation.

SWITZERLAND supported by the US, suggested an "open" first meeting of the Contact Group, with subsequent meetings being "closed." The US noted budgetary constraints, urging prudent measures to assist parties in meeting compliance and provision of assistance for transitions in the most cost-effective manner possible. He proposed limiting the number of parties in the Contact Group, suggesting ten Article 5 members and ten non-Article 5 parties.

POLAND, on behalf of 27 EU member states, expressed concerns with the calculations regarding the funding requirement for the triennium 2012-2014 in the production sector in the TEAP supplement report, and, with AUSTRALIA, committed to a successful replenishment, taking into account the current economic situation. Highlighting financial difficulties faced by non-Article 5 parties, JAPAN stressed the need to fund the MLF through both traditional funding sources, and from other sources, including Article 5 parties.

The ENVIRONMENTAL INVESTIGATION AGENCY (EIA) stated that this COP/MOP must send a clear signal that adequate financial resources are mobilized for the transition to climate-friendly alternatives.

Co-Chair Sylla asked the regional groups to nominate representatives to the Contact Group. BRAZIL, supported by MEXICO, proposed that the Replenishment Contact Group be open to all parties, while the US favored limiting its number for efficiency's sake. Co-Chair Sylla proposed, and delegates agreed, that the contact group's first meeting would be open, and that subsequent meetings may be limited to nominated representatives.

Extension of the fixed-exchange-rate mechanism: Parties agreed to forward a draft decision on extending a provision for the fixed-exchange-rate mechanism to the high-level segment (UNEP/OzL.Conv.9/3-UNEP/OzL.Pro.23/3, XXIII/[B]).

ISSUES RELATED TO EXEMPTIONS FROM ARTICLE 2 OF THE MONTREAL PROTOCOL: Nominations for essential-use exemptions:

On this matter, the EU reminded the Medical Technical Options Committee (MTOC) that it had outstanding questions from the 31st Open-Ended Working Group (OEWG), and SWITZERLAND endorsed the TEAP recommendations. BANGLADESH, supported by the US, asked for approval of its requested essential-use exemption for metered-dose inhalers (MDIs), rather than MTOC's proposed amount, stating that it will not request further exemption in 2013. CANADA urged parties with essential-use exemptions to use stockpiled CFCs, and recommended speeding up transitions to CFC alternatives. CHINA said that such transitions take time,

underscoring complex approval and administration processes. Co-Chair Sylla invited the MTOC, China, and interested parties to submit a report to the plenary.

Marco González, Executive Secretary, informed parties on the Secretariat's authorization, in coordination with the TEAP, of an emergency exemption request by Mexico for pharmaceutical grade CFC-12 for production of MDIs, noting that Mexico agreed to offset consumption by destroying an equal amount of CFC-11.

Essential-use exemption for chlorofluorocarbon-113 for aerospace applications in the Russian Federation: The RUSSIAN FEDERATION to hold technical discussions with the EU and the US and to report back.

Nominations for 2012 and 2013 critical-use exemptions: Methyl Bromide Technical Options Committee (MBTOC) Co-Chairs Mohamed Besri (Morocco), Michelle Marcotte (Canada), Marta Pizano (Colombia) and Ian Porter (Australia) presented detailed trends in methyl bromide critical-use nominations (CUNs) and the MBTOC's recommendations, highlighting reductions and possible phase-out by 2015.

Porter sought guidance from parties in light of the reduction in CUNs, resource limitations, and the possibility of holding meetings electronically.

CUBA requested more information about criteria used in the approval process, emphasizing that the mandate given to MBTOC should be respected.

JORDAN proposed that the MLF support a project on control of methyl bromide in quarantine and pre-shipment (QPS).

Porter advised that MBTOC needs research trials and information to be provided by parties. Marcotte added that alternatives to the use of methyl bromide are specific to the commodity, crop, and situation, noting fresh dates are covered in MBTOC's reports. Pizano advised that 30-35% of present QPS use can be replaced by existing alternatives, and offered to provide further information.

The US highlighted its progress on phasing out the use of methyl bromide since 1991. He expressed concern at MBTOC's reduction of US CUNs, noting MBTOC has been unable to reach consensus, resulting in five minority reports this year. He advised that the US will submit a CRP to the Secretariat on this matter, suggesting the MBTOC continue to meet in person when "substantive work" is needed in order to reach consensus.

AUSTRALIA requested the MBTOC to provide sufficient information on methodology, so parties can better understand the conclusions.

The EU noted inconsistencies in some figures and that more work is needed to clarify the process used by MBTOC. CANADA urged MBTOC to find solutions and deal with issues of process. SWITZERLAND raised concerns regarding process of assessment of CUNs.

The Natural Resources Defense Council (NRDC) noted that the US continues to use methyl bromide for non-critical uses. He suggested that existing stocks be used against critical uses and not over and above critical uses.

Parties agreed to continue discussions bilaterally.

IN THE CORRIDORS

As outside temperatures soared in tropical Bali, COP 9/MOP 23 delegates spent significant time debating issues related to hot air -HFCs, compounds used as replacements for CFCs and HCFCs, that are also potent greenhouse gases. Parties quickly reestablished battle lines drawn at MOP 21 and MOP 22 over the prospect of amending the Protocol to address the phase-down of HFCs. While it was agreed the issue would remain on the agenda, most concluded it was unlikely that much progress could be made on the matter this week.

Some hoped to advance the issue through a Bali declaration, proposed by Indonesia. They noted the draft declaration proposes to explore the development of a road map to phase down high GWP alternatives to ODS (code for HFCs). Others were more circumspect, suggesting parties opposed to discussing HFC issues under the Protocol may not be prepared to support a declaration on developing a road map on the phase-down of such substances.