

MOP 28 HIGHLIGHTS: TUESDAY, 11 OCTOBER 2016

The twenty-eighth Meeting of the Parties (MOP 28) to the Montreal Protocol on Substances that Deplete the Ozone Layer convened for its second day in Kigali, Rwanda on Tuesday, 11 October 2016.

In the morning, plenary discussed issues related to the TEAP assessment of the climate benefits and financial implications of the HFC phase-down schedules in the amendment proposals as well as other matters. Parties also heard a report on the previous evening's discussions in the HFC Management Contact Group and the Legal Drafting Group.

Following plenary's adjournment, the HFC Management Contact Group resumed its work. The Contact Group adjourned at lunch for informal consultations, which continued into the evening. The contact group on the TOR for the 2018–2020 MLF replenishment study, the budget committee and the informal consultation on safety standards also met during the course of the day.

REPORT BY THE TEAP ON UPDATED AND NEW INFORMATION ON ODS ALTERNATIVES

Co-Chair Smith recalled that this agenda item had been left open to allow for further consideration. The EU thanked TEAP for the new report segments on foam blowing agents, aerosol MDIs and the standards process, and expressed optimism that challenges mentioned regarding each will be overcome. Smith said the agenda item will remain open in case parties wished to return to it.

TEAP REPORT ON ASSESSMENT OF THE CLIMATE BENEFITS AND FINANCIAL IMPLICATIONS OF THE HFC PHASE-DOWN SCHEDULES IN THE AMENDMENT PROPOSALS

Co-Chair Smith recalled this agenda item had been left open to allow further reflection on the report. SAUDI ARABIA, supported by ARGENTINA, BENIN, EGYPT, the GAMBIA, JORDAN and KUWAIT, called for all costs of conversion from HFCs to be estimated by the TEAP, and for disclosure of what factors are included in the calculations. RWANDA also requested additional financing information.

US and AUSTRALIA said that until parties define the scope of an amendment, it is difficult for the TEAP to provide exact figures. US also underscored the TEAP's finding that early

reduction and freeze dates have the highest benefit and lowest cost. MEXICO welcomed the report's estimates as a starting point, reflecting that the TEAP can refine its figures in the future.

DUBAI PATHWAY ON HFCS

Co-Chair Smith noted that Switzerland and Norway have submitted a CRP on this issue, which the HFC Management Contact Group will discuss. He then asked the Contact Group co-chairs to report on the Contact Group's Monday evening session. Contact Group Co-Chair McInerney reported that the group had a useful exchange regarding the proposed baseline for non-Article 5 parties. He also noted that the Legal Drafting Group had held its organizational meeting.

RUSSIAN FEDERATION noted agreement during OEWG 37 and 38 to have the Contact Group meet in the plenary room whenever possible to allow for interpretation. Co-Chair Smith said if the Contact Group took place during the time periods allocated for interpretation, this request could be accommodated.

HFC MANAGEMENT CONTACT GROUP: Contact Group Co-Chair Xia encouraged parties to hold more focused discussions on "fundamental issues" for the amendment, such as baseline and freeze years, and reduction schedules.

SAUDI ARABIA noted Article 5 parties have already submitted a proposal for two baselines, which is now under consideration by non-Article 5 countries.

US sought clarity on certain aspects of the Article 5 proposal, including on: whether the two proposed schedules will converge into one another; the rationale behind the proposed 0% HCFC baseline component and 70% reduction of HFCs by 2027 for non-Article 5 countries; why two groups of non-Article 5 parties have been proposed and which countries would fall under which group; and Article 5 parties' proposal for financial support and its timing.

Kuwait, for ARTICLE 5 PARTIES, noted Article 5 countries are in the final stages of identifying freeze dates but need clarity on non-Article 5 countries' schedules and baselines in order to understand the consequences for Article 5 markets. He said that some groups of Article 5 parties will need financial support to move to an early phase-out.

SWITZERLAND underscored the need to obtain a better understanding of Article 5 parties' proposals regarding baselines, freeze dates and reduction steps. CHINA explained that Article 5 parties have very diverse positions and that having two baselines would allow each country to make a choice appropriate to its national circumstances. She said China considers 2020-2025 to be a reasonable timeframe, and that Argentina and Brazil have

agreed to reach the baseline earlier than 2023. She said there should be at least two years between freeze and baseline dates. With regard to HCFC baselines, she noted the same principles cannot be applied to Article 5 and non-Article 5 parties.

EU said non-Article 5 parties are willing to consider a two-track approach for Article 5 parties but need more information before they can embrace the concept. He added that non-Article 5 parties are willing to explore a two-year delay between a baseline year and freeze date.

RUSSIAN FEDERATION said a 2018 baseline year for non-Article 5 parties is not reasonable for countries like his and Belarus because entry into force and adoption of implementing regulations would require three years. He said a freeze would not be possible until 2021.

BRAZIL, supported by SOUTH AFRICA, said Article 5 countries had made progress in narrowing baseline years to two options, and other details, such as baseline components and freeze years, have not been disclosed because Article 5 parties are still negotiating them.

CANADA expressed concern about the two-track baseline year proposal, saying it is difficult to negotiate without knowing which countries would opt for which baseline year. He added such clarity would help in understanding potential climate benefits. He agreed with Switzerland that the position put forward by most non-Article 5 countries at the Vienna meetings in July 2016 should be the basis for negotiation.

RWANDA, SENEGAL, SAUDI ARABIA, and several other Article 5 countries, stressed they are still discussing a freeze date. RWANDA supported a freeze date as early as possible. SENEGAL said his country would have preferred an earlier freeze date than 2024, but stressed its flexibility to reach agreement. SAUDI ARABIA supported a freeze date two years after the agreed baseline.

TOR FOR THE 2018–2020 MLF REPLENISHMENT STUDY CONTACT GROUP

Obed Baloyi (South Africa) and Philippe Chemouny (Canada) co-chaired this contact group.

Baloyi recalled that parties had completed two readings of the TORs at OEWG 38 in July 2016, and invited “creative views” on how to resolve the remaining outstanding issues.

Delegates disagreed as to whether to refer to the special needs of small and medium-sized enterprises in the context of agreed control measures, with one country highlighting that Article 5 parties have many such enterprises whose needs should be considered. Several others noted this issue is addressed in the ExCom’s guidelines. Parties were also unable to agree on whether to refer to Article 5 parties’ meeting their 2020 “and 2025” compliance obligations in respect of Article 2F (HCFCs) of the Protocol, with some suggesting the relevant paragraph be deleted. The question of whether reference should be made to “full” support for low-GWP alternatives remained unresolved. One Article 5 party supported referencing low “or zero” GWP alternatives.

OTHER MATTERS

Co-Chair Smith informed that the UAE had requested to make an intervention.

The UAE suspended its request to submit a CRP at MOP 28 but stated it will raise the UAE’s eligibility for technical and financial support at MOP 29. He described the UAE’s current

and historic compliance with the Montreal Protocol, without any MLF assistance, despite its eligibility for such assistance. He underscored challenges related to the availability and feasibility of alternatives suitable for HAT countries, which he said will require additional and exceptional efforts that the UAE cannot manage on its own. SAUDI ARABIA and BAHRAIN expressed support for the UAE’s eligibility for financial and technical assistance.

Reminding delegates that this topic is not under discussion at this time, Co-Chair Smith proposed addressing it at the forthcoming OEWG and MOP. Delegates agreed.

Co-Chair Krajnik then provided an update on remaining agenda items. On compliance and data, he informed Latvia and Romania have provided data and will be removed from the list of countries not in compliance, to be reflected in a revised CRP, which delegates agreed to forward to the HLS. On HCFC phase-outs, he said Australia, Canada, Japan, and the US have submitted a CRP.

IN THE CORRIDORS

Tuesday ended early for some as the HFC Management Contact Group ended its work just after 1:00 pm and proceeded to cancel its planned evening session, just as delegates were pouring back into the plenary hall, prepared to work long into the night. Despite the absence of formal sessions, many key players still engaged in a full day of work, and planned to continue meeting into the evening and early hours of Wednesday morning. This informal consultation was largely an attempt to reconcile the differences among Article 5 parties who desire early action, accompanied by ambitious baselines and freeze dates, and those Article 5 parties that still have reservations related to the availability of alternatives. This issue has been particularly underscored by a number of HAT countries and small island developing States (SIDS). Additionally, technical and financial concerns for the latter remain.

Despite continued non-Article 5 party frustrations related to “equity of information,” several Article 5 parties sought to assuage concerns by stressing that “there is no hidden agenda,” emphasizing that parties had shared all of the information they had agreed on so far. Other Article 5 parties stressed that a diverse grouping of countries moving from the six baselines discussed in the late hours in Vienna, to the two baselines for Article 5 parties currently under discussion is “significant progress.”

Some delegates highlighted a contrast between general consensus that an agreement was within reach and the seeming lack of urgency in the methods and pace of work, expressing concern about what they would be able to present to their Ministers, who are beginning to arrive for Thursday’s High-Level Segment. As one delegate was heard saying, “my heart says we will have an amendment, but my head says a lot more urgency in our work is needed.”

Overall, participants remained optimistic, with many pointing to the importance of Tuesday’s allowance for time for consultations, and the continued work of the Legal Drafting Group as positive signs of progress. One seasoned insider said that he felt “slightly more optimistic as the week moved forward.” Another agreed it was a typical “Montreal Tuesday,” with some steps forward, but many steps back—but ultimately part of the process of reaching agreement.