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**Open-ended Working Group of the Parties to
the Montreal Protocol on Substances that
Deplete the Ozone Layer**

Twenty-seventh meeting
Nairobi 4–7 June 2007

**Summary of key issues arising from the Dialogue on future challenges
to be faced by the Montreal Protocol: Presentation of the Co-Chairs
of the Dialogue**

1. In its decision XVIII/36, the Eighteenth Meeting of the Parties to the Montreal Protocol decided that a dialogue on key challenges facing the Protocol should be held on the two days immediately preceding the twenty-seventh meeting of the Protocol's Open-ended Working Group. The Ozone Dialogue was accordingly held on 2 and 3 June 2007 at the headquarters of the United Nations Environment Programme in Nairobi, Kenya. In accordance with decision XVIII/36 the Dialogue was co-chaired by Mr. Khaled Klaly (Syrian Arab Republic) and Mr. Tom Land (United States of America).
2. A summary report of the Dialogue is being prepared by the secretariat for distribution after the meeting of the Open-ended Working Group. The present document will, in accordance with decision XVIII/36, be presented by the co-chairs of the Dialogue to the Open-ended Working Group at its twenty-seventh meeting. It consists of edited versions of the summaries of the key issues arising from items 5–11 of the agenda for the Dialogue, which were presented by the co-chairs to the participants during the dialogue.

**Agenda item 5: Future challenges related to scientific assessment, analysis and
monitoring of the state of the ozone layer**

3. Under this item, there was a strong consensus that there was a need to ensure robust monitoring, assessment and analysis of scientific data, while various opinions were expressed on how funds might be mobilized to ensure that such activities remained at appropriate levels. Funding options ranged from relying on the voluntary trust fund under the Vienna Convention, to continuing with national and privately supported efforts, to obtaining funds from the Multilateral Fund.

Agenda Item 6: Challenges in phasing out HCFCs

4. There was a good discussion on the issue in which all speakers seemed to express strong support for protecting the atmosphere in general, and the ozone layer in particular, and for considering carefully the six alternative proposed adjustments of the Protocol relating to the accelerated phase-out of HCFCs. Many participants suggested that alternatives for HCFCs were readily available, and that they should be considered on the basis of environmental soundness. Some mentioned concerns about some alternatives to HCFCs, saying that they must be economically viable, with many expressing support for seeking to avoid converting to HFCs due to their global warming potential but instead moving to natural

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alternatives. Article 5 parties said there was a need for financial assistance and a change in the Multilateral Fund's rules on HCFCs in order to enable them to implement sustainable conversions. On that note, several delegations expressed the desire to discuss difficulties that might be faced by Article 5 parties in phasing out HCFCs. Given the broad base of agreement, it appeared that the issues concerning a decision on how to move forward with HCFCs would be about details and that those details would be discussed during the 27th Open-ended Working Group meeting but generally speaking there was a positive trend during the dialogue in the direction of the protection of the planet and the ozone layer and through an accelerated phaseout of HCFCs.

Agenda item 7: Challenges related to the further management, control and/or phase-out of ozone depleting substances other than HCFCs

5. On the issue of key future policy challenges related to the further management, control and/or phase-out of ozone-depleting substances other than HCFCs, the parties touched on a wide range of matters including issues related to banks of ozone-depleting substances (including halons), exemptions for metered-dose inhalers, quarantine and preshipment exemptions, critical use exemptions for methyl bromide, feedstocks and process agents. In the discussion there was a particular focus on four items: quarantine and preshipment, banks of ozone-depleting substances, CFC exemptions for metered-dose inhalers and critical use exemptions for methyl bromide.

6. Regarding the quarantine and preshipment exemption, the consensus seemed to be that it should only be used to address cases where there were no alternatives. The possibility of capping and or doing away with the exemption was highlighted by some, while the need to maintain it was highlighted by others. On the issue of banks, virtually all participants recognized that their size meant they could not be ignored, and that dealing with them could produce both ozone and climate benefits. There were, however, different ideas on how they might be dealt with, with some promoting using them to service existing equipment and thereby obviating the need for new production, and others suggesting that they be dealt with through emissions reductions or destruction. There was a general understanding that dealing with banks through emission controls or destruction under the Montreal Protocol could require the development of a new legal framework. The issue of providing funds for addressing the possible destruction of banks or contaminated ozone-depleting substances was discussed, with some suggesting that funding should come from the Multilateral Fund and others suggesting that any destruction work should be coordinated with other international forums which had more experience in related matters. Regarding essential and critical use exemptions, many noted the positive trend with respect to metered-dose inhalers and methyl bromide, although some said that methyl bromide critical use exemption numbers were still too high. Some expressed support for campaign production of CFCs for metered-dose inhalers, while others expressed concern about related costs and the lack of certainty of supply. Finally, there were several comments noting the importance of sustaining Article 5 Party capacity and networking, and the need to pay close attention to halon banks given that phase-out was at an advanced stage.

Agenda item 8: Sustaining compliance, maintaining enforcement and combating illegal trade beyond 2010

7. The dialogue participants held a robust discussion on issues relating to sustaining compliance, maintaining enforcement, and combating illegal trade beyond 2010. Many ongoing activities were noted. All participants agreed on the importance of addressing illegal trade, both currently and beyond 2010, and virtually all spoke of the continuing need to support Article 5 Party efforts in the areas of further customs training and enforcement of the requirements of the Montreal Protocol. Many ideas were voiced regarding possible ways to enhance existing systems designed to address illegal trade, including improving coordination and sharing of intelligence, imposing meaningful penalties and strengthening licensing schemes. At least one party suggested that it would issue a specific proposal on the issue. There were, however, differing opinions on the importance of new actions as opposed to ensuring full and robust implementation of existing decisions, including those related to full compliance with the provisions of the Montreal Amendment and those related to ensuring that robust licensing systems, including both import and export licenses for all ozone-depleting substances, were in operation in all countries. Many parties discussed the issue of prior informed consent and many supported either formal or informal mechanisms for sharing information on movements of ozone-depleting substances. Finally, some Parties mentioned the need for clear guidance and support related to dealing with seized ozone-depleting substances.

Agenda item 9: Improving cooperation and coordination of the Montreal Protocol with other multilateral environmental agreements and processes

8. There appeared to be consensus that appropriate cooperation and synergy with other multilateral environmental agreements was fundamental and was desired by all participants. It was, however, more difficult to reach agreement on the question of how that cooperation should take place. Some suggested that this cooperation should take place broadly and on a continuous basis, while others suggested that it should be done on a case by case basis and only with approval of the Parties. Still other suggestions included having a role for the Secretariat in monitoring and reporting on relevant activities in other multilateral forums, and providing more resources to the Ozone Secretariat. On this matter, the Secretariat clarified that in noting its limitation for cooperation, it was not suggesting a need for further resources. Others stressed the importance of ensuring coordination of positions at the national level among their experts participating in the various environmental forums, saying that it was critical to ensuring appropriate consistency in positions. It was also recognized that the work of the implementing agencies in Article 5 Parties could play a vital role in providing valuable information to those Parties on what was happening in other environmental forums and in ensuring that their activities were being carried out consistent with other environmental goals.

Agenda item 10: The future of the Multilateral Fund after 2010

9. There were a large number of contributions on this agenda item. All of the speakers underscored the important role of the financial mechanism – in particular the Multilateral Fund. Parties operating under Article 5 all underscored the important role of the Fund in the face of the significant remaining work and what were considered to be increasing challenges. Several delegations underscored the importance of continuing the Fund and said that it was necessary to eliminate obstacles to accessing funds at what was a critical juncture. It was also said that the replenishment of the Fund should continue and be based on the phase-out schedules that had been agreed by the Parties. In that regard, there would be a clear need to review the role of the Fund in the post-2010 timeframe and replenishments would need to be agreed in line with the Montreal Protocol obligations. Some delegations noted the possibility for the Fund to work with other conventions or institutions, particularly when ozone work was trending down, but it was recognized that this would require a very thorough and careful study. The issue about a potential change to the number of annual Executive Committee meetings was also noted.

Agenda item 11: Administration and institutional issues related to the Montreal Protocol, including issues related to the Meeting of the Parties, the assessment panels, the Implementation Committee and the Ozone Secretariat

10. Virtually all participants speaking on this matter expressed great appreciation and thanks for the institutions of the Montreal Protocol, and it was agreed that those bodies had underpinned the success of the Montreal Protocol and made it the notable multilateral environmental agreement that it is. Many delegates expressed the desirability of optimizing the efficiency of all Protocol instrumentalities and many expressed an interest in planning towards that goal, particularly for changes that might take place, if useful, in the timeframe of 2010 and beyond. In that regard, a number of delegations expressed a willingness to initiate analysis of the possible future functions and tasks of the Montreal Protocol and the arrangements of institutions that would support those future functions and tasks. Other delegations, however, made clear that there was still significant work left in the near term, that there were many uncertainties about the future, and that those factors dictated caution and the need for the Protocol's institutions to remain stable in the near term. There were specific recommendations regarding the need for an additional day for supporting the work of the implementation committee in the near term. In the context of finding ways to make protocol operations more efficient, there were also concrete proposals about incorporating the work of the Open-ended Working Group into that of the Meeting of the Parties and merging the high level and preparatory segments of the meetings of the Parties. Strong support was expressed for maintaining the scientific assessment and analytical capacity that guided the Parties' decisions. Some suggested that the Parties should consider opportunities to reduce the number or form of meetings and reports from the technical options committees.