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**Dialogue on key future challenges faced by  
the Montreal Protocol on Substances that  
Deplete the Ozone Layer**  
Nairobi, 2–3 June 2007

**Decision XVIII/36 of the Eighteenth Meeting of the Parties to the  
Montreal Protocol on Substances that Deplete the Ozone Layer\***

## **Summary report of discussion at the dialogue on key future challenges facing the Montreal Protocol**

### **Introduction**

1. In accordance with decision XVIII/36 of the Eighteenth Meeting of the Parties, the Parties to the Montreal Protocol held a two day dialogue, immediately prior to the twenty-seventh meeting of the Open-ended Working Group of the Parties to the Montreal Protocol, to discuss key future challenges facing the Protocol. As requested by the Meeting of the Parties in that decision, the dialogue was co-chaired by Mr. Kahled Klaley (Syrian Arab Republic) and Mr. Tom Land (United States of America). Also in accordance with that decision, the present summary report on the deliberations was prepared. Annex I to the present report contains a concise list of issues that were raised during the dialogue on the substantive agenda items. Annex II contains the presentation summary delivered by the co-chairs of the dialogue (UNEP/OzL/Pro.WG.1/27/7) pursuant to decision XVIII/36.

### **I. Opening and organization of the dialogue**

2. The dialogue was opened by Mr. Marco Gonzalez, Executive Secretary of the Ozone Secretariat, who welcomed the participants to Nairobi and congratulated them on the current innovative effort to identify key issues and challenges and plan for future work under the Montreal Protocol. He said that the Secretariat's documentation for the meeting inevitably included value judgments in some areas but affirmed that the judgments of the Parties would ultimately be of the greatest importance.

3. It was agreed that the dialogue would be organized according to the agenda contained in annex I to the background document UNEP.OzL.Pro/DKFC/1/2.

### **II. Speech by an eminent person**

4. Mr. Klaus Töpfer, who had served as Executive Director of the United Nations Environment Programme and continued to work globally on sustainable development issues, gave a keynote speech.

5. Mr. Töpfer praised the Parties to the Protocol for taking the strategic decision to consider the key future challenges of the Montreal Protocol, which, he said, was a highly commendable activity on the twentieth anniversary of the Protocol and in the face of many successes rather than at a time of crisis. He urged the representatives to seek to achieve a successful dialogue by being open-minded to new options, rather than merely adhering to predetermined national positions.
6. He noted that the Protocol had achieved over 90 per cent of what it had set out to achieve but that there were likely to be increasing marginal costs in addressing the remaining objectives. With that in mind, he suggested that the Parties consider the comparative returns on investments in the area of ozone relative to efforts to address other challenges faced by the world community. He stressed that among the Protocol's many achievements, the most important was arguably the significant human health benefits, which in turn served as a strong basis for the Parties to analyse and address future needs.
7. He then reviewed the architecture of the ozone strategy, which had been emulated by many environmental agreements that had followed. That architecture included first, the development of an open framework; second, the development of an action-oriented protocol with concrete targets and timetables; and finally, a linkage to a financial mechanism to ensure a fair distribution of responsibilities. While these three ingredients were present in varying degrees in other instruments, the Montreal Protocol was the agreement that demonstrated most clearly the effectiveness of such as a means to deliver global environmental protection. As such, the Parties to the Protocol had a unique responsibility to the world to continue to demonstrate that cooperative global action on the environment was achievable.
8. He said that the Montreal Protocol had also fostered a productive interrelationship between academia, the business community, civil society and policymakers that had facilitated action on the basis of incomplete science and the precautionary principle. In so doing, the Protocol had demonstrated that business was not an enemy but a key partner in the development of reasoned solutions. Indeed, industry would also be critical in developing alternatives to face the remaining issues, including HCFCs. He further noted that there existed a dynamic interlinkage between the ozone and climate issues, which would make it necessary for the Parties to the Protocol to adopt a broader view of the issues and to agree to discuss them together, rather than in isolation.
9. In considering the reasons for the success of the Protocol, he noted the value of the corporate spirit that arisen among a group of dedicated people with a long history of collaboration and strong knowledge of each other. The Parties needed to avoid the risk that such a situation could stifle new ideas and instead focus on sharing their experiences with the world. Another factor that had contributed to the Protocol's success was the admirable capacity-building efforts that had taken place, which had created ozone units and expertise all over the world. Finally, he noted the success of the Protocol's compliance mechanism, which had successfully provided assistance to help bring countries into compliance with the interests of the global community.
10. He said that one remaining difficult issue would be how to reform the Protocol's institutions. He urged the Parties to be open minded, to avoid the potentially destructive mistake of not considering changes, to start from an analysis of future needs rather than a critique of past efforts, and to work to develop the current structures further in order to meet the agreed future challenges.

### **III. Secretariat's summary of key achievements of the Montreal Protocol**

11. Mr. Gonzalez gave a presentation on the key achievements of the Montreal Protocol. He began by drawing attention to the Protocol's use of the principle of precautionary action and the role played by United Nations Environment Programme in providing a multilateral forum for discussions that could define the scientific knowledge on the issue and allow countries to negotiate, develop and implement a treaty to address the global environmental threat of ozone depletion.
12. He highlighted three unique institutions that had been fundamentally important for the successful implementation of the Protocol. First, he expressed appreciation for the Parties' independent assessment panels which had consistently provided state-of-the-art information that had allowed the Parties to develop a common understanding of the nature of the issues and suitable responses. Second, he noted that the Multilateral Fund had played a fundamental role in enabling developing country Parties to comply with their obligations under the Protocol. The Fund had facilitated the transfer of technology, had supported the establishment of more than 140 national ozone units and regulations and legislation in over 100 countries, and had aided the operation of an innovative network system that had facilitated the South-South and North-South cooperation which had proven so valuable to the capacity-building and information sharing process. Finally, he noted the work of the Implementation

Committee, which had proven flexible, supportive, and highly effective in securing rapid and sustained compliance by actively engaging Parties on a cooperative and consultative, rather than adversarial and confrontational, basis and had helped identify actions to return Parties to compliance.

13. He suggested that one of the overarching achievements of the Montreal Protocol stemmed from the vision of the Parties to develop a culture of compliance by establishing achievable goals and demonstrating that they could be reasonably met. It was that culture and the related confidence of the Parties, that had enabled the Protocol to be strengthened with a series of amendments and adjustments, which eventually mandated the total phase-out of ozone depleting substances according to specific timetables.

14. He noted that the Parties' achievements were evident in worldwide figures for production and consumption of ozone depleting substances. The 2005 data reported by the Parties showed that developed countries had reduced production and consumption by over 99 per cent from baseline levels and that developing countries had reduced by 80 per cent. Even these numbers, however, would increase further with the implementation of multiyear phase-out agreements under the Multilateral Fund and the pending total closure of CFC and halon production in China in July 2007. Furthermore, Parties not operating under Article 5 of the Protocol were well ahead of their reduction targets for HCFC production and consumption, having by 2005 already reduced by over 72 per cent against a mandated reduction of 35 per cent.

15. He said that the most important issue, however, was that the environment was changing for the better. The 2006 Scientific Assessment Report provided new evidence that the stratospheric concentrations of ozone depleting substances were on a downward trend, demonstrating that over time the ozone layer will heal. Furthermore, it was clear that the process of strengthening the Protocol's schedules would help avert many millions of cancer deaths, perhaps hundreds of millions of cancer and cataract cases and the expenditure of billions of dollars by national health organizations worldwide.

16. He observed that the Protocol had also accomplished near universal participation and he expressed confidence that new important ratifications would soon be celebrated. He also drew attention to the importance of the Protocol's work with other key international bodies.

17. While recognizing the many achievements of the ozone protection regime, he noted that the Protocol's work was not yet complete. Several remaining challenges existed and much more remained to be done to ensure the safety of the ozone layer for the current and future generations. He suggested, however, that it was already clear that the achievements to date validated the multilateral efforts that had taken place and demonstrated that both developing and developed countries could work together and build strong partnerships encompassing civil society, academia and corporations to address global environmental problems. The Montreal Protocol was regarded as one of the most successful multilateral environmental agreements and, in addition to successfully addressing most ozone depleting substances, it had also made a major contribution to climate change, delaying climate change impacts by 10 to 12 years and reducing emissions by over 25 gigatonnes. That success was due in large part to the ability of the Protocol to continue to evolve and promote technological innovation. In that regard, the Montreal Protocol and its Parties had much more to teach the world.

#### **IV. Questions and discussion on the Secretariat's summary**

18. In the discussion on the Secretariat's summary of key achievements of the Montreal Protocol, many representatives indicated the reasons and attributes of the Protocol, which, in their view, accounted for its success. Issues raised included the Multilateral Fund, which had facilitated transfer of technology that enabled developing countries to comply with the Protocol; the framework of the Protocol, which was based on the principle of common but differentiated responsibilities; the work of the assessment panels, which had enabled the Parties to take decisions with full information; the availability of alternative technologies, which had enabled all countries to convert and thereby achieve significant reductions in the production and consumption of ozone depleting substances; and the Parties' support for capacity-building and networking.

19. Many representatives noted the significant work that remained to be done, including, for developing countries, phasing out the remaining quarter of their baseline levels of production and consumption. In that context, many suggested that the remaining work needed to be considered concurrently with discussions on adapting the current structures to future needs. In that regard, many Parties noted the need to retain many of the key attributes that had made the Protocol a success in order to address future needs.

20. There was also an initial discussion on transitional and future challenges. Many challenges were noted, on understanding that they and many others would be discussed in more detail during the current dialogue. The challenges mentioned included the need to address future funding needs; effective management of banks of ozone-depleting substances, which could require a change to the current legal regime; dealing with currently exempted uses of ozone-depleting substances, including its use in feedstock; the need to structure a future agenda so that challenges could be prioritized and placed in a framework for their logical consideration; addressing the climate-ozone linkage, especially as it related to HCFCs; the need to address methyl bromide; maintaining expertise on the assessment panels; the need to share the Montreal Protocol experience more widely; the need to ensure adequate monitoring in the future; maintaining national capacity to deal with ozone issues; and assessing the cost, effectiveness, and funding needs related to additional controls that might be needed to address outstanding issues.

## **V. Future challenges related to scientific assessment, analysis and monitoring of the state of the ozone layer**

21. Introducing the item, the co-chair recalled that document UNEP/OzL.Pro/DKFC/1/2, which the representatives had before them, contained factual information on the staffing and costs of the Scientific Assessment Panel and the Environmental Effects Panel, challenges to sustaining funding for essential monitoring needs and relating to the ozone-climate interaction, and getting a better understanding of the impact of ozone depleting substances with a very short atmospheric lifetime (UNEP/OzL.Pro/DKFC/1/2).

22. During the discussion on the item, some representatives noted that as time went on and the major ozone-depleting substances were phased out, investments in scientific and technical capacity might yield diminishing returns in terms of ODP-tonnes eliminated. All agreed, nevertheless, that the Protocol's scientific and technical bodies had been critical to its success and that it would be necessary to maintain that capacity in order to continue to monitor the ozone layer and to assess and respond to emerging issues. In that regard, all speakers stressed the importance in particular of scientific assessment and monitoring of the ozone layer to ensuring the proper implementation of the Protocol and to resolving remaining and new challenges in the years to come. One noted the important role of the panels in making comparative assessments of the environmental benefits of competing options.

23. Many representatives also stressed the need to improve understanding of the links between climate change and ozone layer protection and said that the Protocol's scientific and technical bodies had a vital role to play in that regard. Others mentioned the need for a greater understanding of the impact of short-lived ozone-depleting substances; recent work of the Technology and Economic Assessment Panel suggested that such substances might have a greater impact than previously thought. In recognition of cost concerns, however, several speakers suggested that it would be better to share the Protocol's scientific and technical capacity with other multilateral environmental agreements, such as the United Nations Framework Convention on Climate Change (UNFCCC) and the International Plant Protection Convention, in order to share benefits and achieve economies.

24. Several Parties lamented the reported news of an erosion in the Protocol's monitoring capacity owing to the deterioration and deactivation of monitoring devices, including some operated under the auspices of the World Meteorological Organization (WMO) and saw the news as evidence of the need to maintain the Protocol's technical capacity. One said that the present summary should include a strong statement on the importance of maintaining monitoring capacity, including under WMO, at an optimum level and reminding Parties that they could contribute to the trust fund that had been set up to support monitoring activities.

25. Noting the need to maintain the vitality of the Scientific Assessment Panel and the Environmental Effects Assessment Panel, one representative suggested that the Secretariat should establish a system on its website for taking nominations from Parties for membership of the Panels. He also affirmed that a new mechanism was needed to prompt contributions to the trust fund established by the Parties to the Vienna Convention for financing research and observation, noting that voluntary contributions to date had totalled only \$58,000.

26. One representative suggested that the means of financing the scientific and technical bodies would need to move from the current system of relying on individual Governments and private companies to something more formal and sustainable.

27. Some developing country representatives spoke of the need for funding for such countries to continue monitoring activities and one noted the need for additional funds to allow the assessment

panels to continue their work. Several also noted the need for balanced participation on the assessment panels between Article 5 and non-Article 5 Parties.

28. A detailed list of the issues that were raised during the discussion on the present agenda item can be found in chapter I of annex I to the present report.

## VI. Challenges in phasing-out HCFCs

29. Introducing the item, the co-chair recalled that document UNEP/OzL.Pro/DKFC/1/2 contained a great deal of background on the issue of HCFCs and a non-exhaustive list of challenges that the Parties might face in phasing out HCFCs.

30. The co-chair noted that the consumption of HCFCs of Parties not operating under Article 5 of the Protocol had peaked in 1995 at 28,000 ODP tonnes and has since come down by some 72 per cent, with approximately 63 per cent of the remaining HCFC consumption being in HCFC-22 and approximately 35 per cent in HCFC-141b and HCFC-142b. The balance of consumption of HCFC-22 and HCFC-141b was similar in Parties operating under Article 5 but HCFC consumption in Parties operating under Article 5 was growing rapidly, having risen from approximately 4,000 tonnes in 1995 to almost 20,000 tonnes in 2005.

31. He noted that the background document cited various challenges, including the cost of phasing out HCFCs; the possible incentive for further production of HCFC-22 that derived from the support for HFC-23 destruction of the Clean Development Mechanism of the Kyoto Protocol to the UNFCCC; the fact that the extent of experience of using alternatives to HCFCs varied widely, and that those alternatives had varying costs and energy efficiency factors; and the difficulty that some Parties might have selecting the method of control that best suited local needs. He invited the Parties to discuss those challenges and any others.

32. Noting the conclusion by the Scientific Assessment Panel that consumption of HCFCs might delay the ozone layer's return to pre-1985 levels by as much as 15 years, all speakers said that consumption of HCFCs was among the most important challenges facing the Protocol, particularly in the light of their increasing consumption in Article 5 Parties. Many called for accelerated HCFC phase-out and all who spoke expressed a willingness to discuss the idea. It was agreed, however, that the dialogue was not the proper forum for more than a preliminary discussion of the issue, which would be taken up by the Open-ended Working Group at its next meeting in the context of its consideration of the various proposals that had been made to adjust the Protocol's HCFC phase-out schedule.

33. All speakers recognized that there were significant obstacles to an earlier phase-out, including the cost of alternatives, which were sometimes up to ten times higher than the HCFC to be replaced; the overall cost of re-conversion of plants that had recently converted to HCFCs, which was a particular challenge to the economies of developing countries; and the sheer inertia that would have to be overcome in both industry and government in shifting from one regime to another. Several stressed that financial assistance, including from the Multilateral Fund and from individual donor countries, would be essential to the viability of an accelerated phase-out in developing countries.

34. Others highlighted the challenge posed by the Clean Development Mechanism programme of granting carbon emission reduction credits for HFC-23 destruction that resulted from HCFC-22 production, which was thought to encourage production of HCFC-22. The need to cooperate with the Clean Development Mechanism on the issue was raised. One representative, however, suggested that the effect of the Mechanism's CFC-23 destruction programme was minimal, noting that in his country substantial HCFC production capacity and HCFC consumption had predated the programme.

35. One representative stressed the need to ensure that alternatives to HCFCs were not more harmful than HCFCs themselves and in that context called for the development of natural alternatives, a call that was echoed by others. Another said that only mature technologies should be considered as alternatives to avoid the risk of an apparent solution turning out to be a problem in itself. Another said that alternatives with high global warming potential or low energy efficiency should be eschewed. Others, while acknowledging the challenges, said that cost-effective and viable alternatives already existed, including hydrocarbons.

36. Most speakers supported in principle the six proposals to adjust the HCFC phase-out schedule that were to be considered by the Open-ended Working Group at its twenty-seventh meeting, while noting that it would of course be necessary to resolve the differences between them.

37. The representative of the European Union said that a realistic baseline would be a requirement of any accelerated phase-out, a view echoed by others. She also said that, notwithstanding the obstacles,

HCFC phase-out could be cost-effective for industry, which was evident from the positive experiences in the member States of her organization.

38. Another representative, while supporting accelerated phase-out in principle, said that it would be critical for Parties operating under Article 5 to have adequate time to implement any phase-out given the large investments they had made in HCFC infrastructure and the high cost of alternatives. He said that it would be important for such Parties to have clear action plans and phase-out strategies and that the Executive Committee of the Multilateral Fund needed to consider the issue. Others joined him in affirming that the Committee should reconsider its decision not to provide funding for post-1995 HCFC installations and said that any acceleration of HCFC phase-out would have to be considered together with that issue. One representative noted that enterprises in his country had made the switch from CFCs to HCFCs using their own funds and as a result were not in a financial position to undertake re-conversion away from HCFCs on their own. He suggested that the Executive Committee of the Multilateral Fund would need to develop criteria for funding such enterprises in any re-conversion.

39. A detailed list of the issues that were raised during the discussion on the item can be found in chapter II of annex I to the present report.

## **VII. Key future policy challenges related to the further management, control and/or phase-out of ozone-depleting substances other than HCFCs**

40. Introducing the item, the co-chair noted that in document UNEP/OzL.Pro/DKFC/1/2 the issues under consideration had been divided into two categories: actions that fell outside the current requirements of the Montreal Protocol and actions that fell within. Challenges in the first category included sustaining and completing the phase-out, in particular with respect to CFCs in the refrigerant sector; encouraging the introduction of alternatives to halons and effective utilization of halon banks; ensuring the phase-out of CFCs in metered-dose inhaler production in Parties operating under Article 5; and finishing the phase-out of methyl bromide. Challenges in the second category included management of stockpiles; management of ozone-depleting substances contained in equipment; management of contaminated ozone-depleting substances; management of ozone-depleting substances used as feedstocks; and management of ozone-depleting substances produced or imported for exempted purposes.

41. In the discussion on the item, many representatives drew attention to the importance of the management and destruction of stockpiles of ozone-depleting substances and their emissions. Several noted that a joint report produced by the Intergovernmental Panel on Climate Change and the Technology and Economic Assessment Panel had demonstrated that such stockpiles represented a major challenge, both in terms of the extent of their emissions and because the Protocol had until then focused on control of consumption and production rather than emissions and destruction. Some representatives therefore called for a cautious response, including a thorough analysis of the technical and legal challenges ahead. One representative said that the Protocol's provisions were counter-productive insofar as they allowed Parties to offset new production of ozone-depleting substances by destroying existing stocks. Another said that the lack of guidelines on handling contaminated ozone-depleting substances, which had no future use and could not be recycled, presented a major challenge for Article 5 Parties.

42. One representative said that destruction had a role to play where it was practical and cost-effective but that mandatory obligations would be inappropriate in view of the practical constraints faced by Parties. She added that there was a need to create greater incentives to identify alternatives to halons to prevent stockpiling. There were calls for innovative thinking in response to the problem of stockpiles and several representatives said that the Multilateral Fund and other financial mechanisms would have to play a key role in managing them. One representative suggested that greater coordination with the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal and the Stockholm Convention on Persistent Organic Pollutants could result in the integration of some ozone-depleting substances in the destruction plans under those regimes. Another observed that stockpiles represented a reusable resource; treating them as such could be economically beneficial to Parties holding them and environmentally beneficial to all since it could obviate the need to produce new ozone-depleting substances.

43. There was also lengthy discussion of exemptions to the Protocol's control measures. Some representatives called for a streamlining of the Protocol through the removal of exemptions that were regarded as unnecessary in the light of the increasing availability of alternatives. In that context, a representative of the European Community said that his organization's progress in eliminating CFCs

from metered-dose inhalers and reducing methyl bromide demonstrated the reduced need for exemptions. Another representative reported that his country had achieved a significant reduction in methyl bromide use in agriculture using solar heating and he offered to share the technology with interested Parties. Responding, some representatives said that CFC use in metered-dose inhalers would be necessary until 2010 and possibly beyond because many developing countries had only recently begun to address the issue. One representative also called for a redoubling of efforts to identify alternatives to methyl bromide and to make them available to developing countries.

44. There was general acceptance that whereas the existence of alternatives meant that countries should in general put in place policies to phase-out methyl bromide, quarantine and pre-shipment uses of methyl bromide could not be phased out in the short term. While noting that such uses did not currently fall under the Protocol's phase-out regime, several representatives urged the imposition of a cap or the use of alternative methods. In that regard, one Party mentioned that they were investigating the use of offshore fumigation. One representative called for the adoption of a cooperative approach between trading partners and a search for alternatives. Another said that exempting quarantine and pre-shipment use of methyl bromide from the Protocol's phase-out provisions had served to protect domestic ecosystems and thereby maintain national support for the Protocol; she therefore recommended caution in considering whether to eliminate them.

45. A detailed list of the issues that were raised during the discussion on this agenda item can be found in chapter III of annex I to the present report.

### **VIII. Issues related to sustaining compliance, maintaining enforcement and combating illegal trade beyond 2010**

46. Introducing the item, the co-chair noted that the Parties had taken at least 18 decisions related to compliance, including several on customs codes, trade names, trade in used substances, illegal trade, licensing, and restricting imports of products. Nevertheless, continued interdiction of illegally traded substances demonstrated that illegal trade was far from gone.

47. The co-chair said that key issues relevant to the item included the need for funding for monitoring, particularly for Parties operating under Article 5. He also noted that the forthcoming closure of producers of CFCs, halons, carbon tetrachloride, HBFCs, and bromochloromethane should have a positive effect on efforts to sustain compliance because the movement of large- or even medium-sized quantities would attract greater attention, thereby increasing the opportunities for seizures. Moreover, with the phase-out of production, the burden of implementing a prior informed consent system could be expected to decrease. Finally, he noted that ensuring that continuing legal uses were not diverted to illegal uses would be a continuing challenge after 2010.

48. In the discussion on the item, there was unanimous agreement that compliance, enforcement and illegal trade were important issues that would continue to require significant attention for years to come. Many speakers voiced concern that the challenge of illegal trade, and its implications for the ability of Parties to maintain compliance with the Protocol, would only intensify as complete phase-out of most controlled ozone-depleting substances by Article 5 Parties neared. Others pointed out that the continuing permitted uses of ozone-depleting substances would also contribute to the risk of illegal trade, given the possibility that ozone-depleting substances produced for permitted uses could be diverted to illegal uses. One representative suggested in that context that the amount of ozone-depleting substances produced for legal uses should be closely matched to demand in order to prevent the accumulation of stockpiles that could be readily diverted to illegal uses.

49. In the light of those concerns, there was agreement that it was important to ensure that Parties complied with their obligations under the Protocol to establish licensing and quota systems for ozone-depleting substances, as such systems were important tools for combating illegal trade. Parties not operating under Article 5 were urged to provide financial support to those Parties that were operating thereunder, over 50 of whom had not yet established licensing and quota systems, in their efforts in that area. A number of speakers said there would be a continuing need for financial and technical support for Parties operating under Article 5 in other areas and called for a continuing role for the Multilateral Fund in the long term.

50. In view of the fact that compliance and illegal trade were expected to be long-term concerns, one representative, seconded by others, argued that the Protocol's compliance procedure and the Implementation Committee established under that procedure, which had been a key factor in the Protocol's success, should continue to be a central pillar of the Protocol.

51. Many representatives stressed the central role of customs authorities in combating illegal trade and the importance of collaboration between customs authorities and other agencies involved in the enforcement of ozone-depleting substances legislation and regulations.

52. Many representatives said that there was a strong need for capacity-building for customs authorities and others, including the judiciary, with respect to the identification of ozone-depleting substances, and said that the need for such capacity-building would continue well into the future. Several said that such activities would be best undertaken at the regional and national levels. One representative added that capacity-building should focus on, among other areas, the establishment of comprehensive legal and judicial systems and the stabilization of current structures at the national level, including national ozone units. Several others also said that national units had an important role to play in the long term and needed to be strengthened. Others mentioned the need for financial and technical assistance in that area, and one mentioned that a special challenge faced by his country was the lack of portable equipment for testing chemicals at entry points. Several others saw as a particularly pressing problem the question of what to do with seized illegal ozone-depleting substances, which were sometimes contaminated, and said that capacity-building and financial and technical assistance were required for their safe disposal.

53. Several representatives said that a prior informed consent procedure was vital to the ability of importing countries, particularly Article 5 Parties, many of whom were importers of ozone-depleting substances, to prevent illegal imports. The procedure being employed voluntarily in South and South-East Asia was cited as an example of the successful use of such a mechanism. Most called for a voluntary procedure but one said that only a mandatory procedure would be effective. Several others, while not calling explicitly for a formal prior informed consent procedure, argued strongly that cooperation between exporting and importing countries, including prior notification of planned exports of ozone-depleting substances, was essential to the ability of the latter to control illegal imports. One said that exporting countries also needed to restrict exports, including of equipment containing ozone-depleting substances, and another that illegal trade had to be prosecuted by both importers and exporters.

54. One representative expressed concern about the prospects for a prior informed consent procedure beyond 2010, noting that resources might be too scarce to fund it at a time when available resources would be needed to cope with the increasing trade in HCFCs. She suggested that the key to eliminating illegal trade lay in the active enforcement of domestic licensing requirements and the publicizing of successful prosecutions. Highlighting successes in her country, where she said illegal trade had been nearly eliminated, she said that her country would be willing (and had already begun) to share its experiences both bilaterally and at thematic network meetings. She noted the utility of cross-checking import and export data against the data provided by the Secretariat under decision XVII/16 and suggested that the Parties might wish to seek to have customs codes assigned to HCFCs by the World Customs Organization, as it had done in the past with respect to other ozone-depleting substances.

55. Another representative noted that while much progress had been made with respect to compliance and enforcement, many countries had yet to establish licensing and quota systems as required by the Montreal Amendment and that much still needed to be done to implement existing decisions of the Meeting of the Parties. It would be premature, he suggested, to undertake significant new activities before ensuring the full implementation of existing commitments.

56. Several speakers said that information exchange and sharing of experiences at the regional and subregional levels were important to combating illegal trade, including through collaboration among national ozone units. One representative called for a global meeting of customs officers on ozone-depleting substances and expressed gratitude to the Government of Sweden for its support of regular meetings among national ozone units in the South-East Asia and South Asia ozone officers networks.

57. Several other representatives called for efforts to make greater use of the experience gained under other multilateral environmental agreements concerned with illegal trade such as the Basel Convention and the Convention on International Trade in Endangered Species of Wild Fauna and Flora. He also said that the institutional framework developed in accordance with the Protocol with respect to enforcement and illegal trade should be assessed and strengthened and called for the Secretariat to undertake an assessment of the extent to which relevant national regulatory and fiscal policies needed strengthening.

58. The representative of the European Community announced that his organization would submit a draft decision on combating illegal trade at the upcoming meeting of the Open-ended Working Group.

59. A detailed list of the issues that were raised during the discussion on the item can be found in chapter IV of annex I to the present report.

## **IX. Improving cooperation and coordination of the Montreal Protocol with other multilateral environmental agreements and processes**

60. Introducing the item, the co-chair highlighted some past efforts to encourage cooperation with other multilateral environmental agreement processes, such as the Parties' requests to Technology and Economic Assessment Panel and the Ozone Secretariat to coordinate with other bodies including the World Customs Organization, the WMO, the International Civil Aviation Organization (ICAO), the International Plant Protection Convention (IPPC), and the Intergovernmental Panel on Climate Change (IPCC) or other bodies under the climate change treaty. He noted that such requests to the Secretariat or other Protocol bodies have been very specific and often very limited in nature. Furthermore, he cited documents that suggested that, in the absence of a specific charge from the Parties, the Secretariat's role in interacting with other multilateral environmental agreements and processes was limited to the provision of factual information because the Secretariat could not speak for the Parties. As such, without specific guidance from the Parties, the Secretariat could not initiate any specific coordinating activities or actions that might enhance synergies, lest it be perceived by Parties as initiating action without authority. It appeared that other multilateral environmental agreements' secretariats faced similar constraints. That meant that for coordination of work to take place, the executive bodies of both instruments needed to direct their secretariats to work together.

61. The co-chair said that another limiting factor that the Secretariat had noted was that its workload, combined with the amount of essential travel that a limited number of staff were obliged to undertake, served to constrain its ability to monitor activities in other multilateral environmental agreements. Nonetheless, whenever a Party had notified the Secretariat that an issue of relevance to the Montreal Protocol was being discussed in a different forum, the Secretariat had initiated a process for sending an email alerting the Montreal Protocol delegates to that fact so that they could discuss the matter with their delegate to that forum. Such communication could enhance coordination and help enable different forums to be aware of the potential impact that their decisions might have elsewhere.

62. During the discussion on the item, there was consensus that successful cooperation and coordination between the Protocol and other instruments was desirable because exploiting synergies and avoiding duplication of activities meant that resources were used to their full effect. Moreover, the proliferation of international agreements in recent years had increased the risk of overlaps and made the need for coordination all the more acute. Some representatives noted that there had already been examples of successful collaboration, such as the Green Customs Initiative and the joint study by the Intergovernmental Panel on Climate Change and the Technology and Economic Assessment Panel, and called for strengthening such efforts. Others said that the current work to integrate some components of the Basel, Rotterdam and Stockholm Conventions could serve as a useful model for future cooperation. It was also noted that the Protocol's success, particularly in terms of capacity-building and technology transfer, should be shared with others.

63. There was broad agreement that it would be most useful to strengthen ties with UNFCCC, the Kyoto Protocol, the Basel, Rotterdam and Stockholm Conventions, the Strategic Approach to International Chemicals Management and IPPC. Several representatives observed that the shared interest of the Montreal Protocol, the Basel Convention and the Kyoto Protocol in the destruction of ozone-depleting substances created opportunities for collaboration. One representative cautioned, however, that joint activities that did not create efficiencies or that weakened national capacity to meet Protocol obligations should be avoided. Another said that the Protocol's existing financial arrangements should be preserved and that the Multilateral Fund should not be used to finance activities outside the Protocol's scope. One said that the Protocol and its institutions needed to be integrated into current work to strengthen UNEP, the environmental pillar of the United Nations.

64. Some representatives suggested that cooperation and synergies could operate at two levels: first, at the assessment level, between conventions' subsidiary technical bodies; and second, between the executive bodies and institutions that were responsible for implementation. There was some disagreement, however, over the role that the Secretariat should play in enhancing cooperation. Some representatives said that the Secretariat should urgently seek to strengthen ties with the secretariats of other instruments and should be provided with the resources and legal mandate to do that effectively, and one said that the Secretariat should recognize the powers and mandate conferred on it by decision XVI/34 and reach out to other conventions whenever cross-cutting issues arose.

65. Other representatives said that the Secretariat's role should be limited to monitoring activity under other conventions, and one suggested that it would be appropriate under this view of things for the Secretariat to facilitate the coordination of national experts responsible for the administration of the different conventions by continuing to provide electronic notification to countries when issues relevant to the Montreal Protocol were discussed in other forums. Some representatives were more cautious about Secretariat activities in this area and averred that it was for national authorities to oversee coordination and direct efforts to achieve it. Others said that it was important that the Secretariat not adopt a policymaking role and affirmed that steps to coordinate activities should be launched only at the request of the governing bodies of the international organizations concerned on a case-by-case basis. Another suggested that it would be useful to include in the agenda of meetings of the Parties an item on the consideration of relevant decisions taken by other organizations.

66. A detailed list of the issues that were raised during the discussion on the item can be found in chapter V of annex I to the present report.

## **X. Future of the Multilateral Fund beyond 2010**

67. Introducing the item, the co-chair noted that document UNEP/OzL.Pro/DKFC/1/2 contained a review of the status of the Fund, which highlighted the fact that for the last several years, the Fund had aimed to approve all the projects that would be needed to enable all Parties operating under Article 5 to meet the 2010 phase-out of CFCs, halons, and carbon tetrachloride by 2008. In the document it was also noted that at its fifty-first meeting, the Executive Committee had acknowledged that the current replenishment included over \$61million in excess of what was thought to be needed to enable compliance with the upcoming 2010 control obligations.

68. The co-chair also noted that in the light of anticipated changes to its workload, the Executive Committee had requested the Nineteenth Meeting of the Parties to consider changing the terms of reference of the Committee to allow it to modify the number of times it met each year, as necessary. Furthermore, while nothing in the Protocol or any related decisions mandated any particular future for the Multilateral Fund, Article 10 of the Protocol required that a Multilateral Fund be established to enable Parties operating under Article 5 to comply with Articles 2A–2E and 2I of the Protocol, some of which, including those relating to methyl chloroform, methyl bromide and HCFCs, provided for phaseout dates beyond 2010. Finally, it was noted that the current Multilateral Fund guidelines restricted payments for conversion of facilities from HCFC use but that there was no legal impediment to changing those guidelines.

69. During the ensuing discussion, the representatives that spoke were unanimous in declaring that the Multilateral Fund had been instrumental in the success of the Montreal Protocol to date and fundamental to the ability of Article 5 Parties to comply with their obligations under the Protocol. There was also consensus that there would be a continuing role for the Fund for many years to come. Most speakers stated that the role of the Fund and the scale of its replenishment, should accord with the scope of the remaining tasks to be achieved under the Protocol. Many Article 5 Parties went on to suggest, however, that the challenges facing them would increase and would require the Fund to be strengthened and generously replenished. That, they said, was necessitated by the obligations of Article 5 Parties, particularly with respect to the phase-out of HCFCs, but also including the need to monitor the ozone layer, to report their ozone-depleting substances data, to implement and operate ozone-depleting substance licensing systems and guard against illegal trade, to phase out methyl chloroform and methyl bromide and possibly to phase out quarantine and pre-shipment uses, should those become controlled uses.

70. Other speakers observed that national ozone units had become vital features of national ozone-depleting substances control regimes in Article 5 Parties and said they would need both technical and financial support from the Multilateral Fund over the years. One suggested that there were important measures that needed to be taken that were not at present within the scope of the Protocol, such as the management of ozone-depleting substance banks. The Fund, she suggested, would be needed to enable Article 5 Parties to deal with such measures.

71. Several speakers recalled the study by Germany on the substantial amount of money that would be needed to phase out HCFCs in China. One representative, echoed by several others, suggested that the role of the Multilateral Fund could not be determined until the Parties had decided on the various proposals that had been made to adjust the Protocol with respect to the phase-out schedule for HCFCs.

72. One speaker reiterated the notion that the role of the Multilateral Fund should be determined by its expected work under the Protocol. He cautioned, however, that as long as there was work to be done

the Parties should be careful in making changes to the Fund, lest it incur unnecessary inefficiencies through the loss of hard won and vital expertise and incurring transaction costs that would attend any change. He also asked whether, in an era of increasing synergies among multilateral environmental agreements, it might not make sense to charge the Fund with undertaking co-financing activities with other mechanisms of measures relevant to the Protocol, such as destruction. Others supported the idea of preserving the expertise of the Fund and its staff and applying it to other environmental problems but concerns were also voiced that the Fund's main focus must always be ozone layer protection. One representative affirmed that each multilateral environmental agreement should have its own financial mechanism. Another, however, suggested that the expertise that had been developed within the Fund was too valuable to lose in the effort to protect the environment efficiently and effectively and said that consideration should be given to opening a new window in the Fund to make use of it, perhaps for financing implementation of the Strategic Approach to International Chemicals Management or the Millennium Development Goals.

73. One representative, supported by several others, urged caution in considering the possibility of replacing the Multilateral Fund with the Global Environment Facility as the financial mechanism for the Protocol, citing what he said were bureaucratic inefficiencies in the Facility that had delayed the start of a project in his country by three years. The Fund, he said, was highly professional and had assisted over 140 countries in a timely and professional manner.

74. Several participants commented on the proposal of the Executive Committee of the Multilateral Fund that it be allowed flexibility in the frequency of its meetings in order to take into account its changing workload. One agreed that it should be allowed to meet twice a year rather than three times, one opposed any change and one said that the Parties needed more information on why such a change was needed.

75. A detailed list of the issues that were raised during the discussion on the item can be found in chapter VI of annex I to the present report.

## **XI. Administration and institutional issues related to the Montreal Protocol, including those related to the Meeting of the Parties, the assessment panels, the Implementation Committee and the Secretariat**

### **A. Presentation of key issues**

76. In introducing the item, the co-chair noted that document UNEP/OzL.Pro/DKFC/1/2 contained a review of administration and institutional issues related to meetings of the Parties, the assessment process, meetings of the Implementation Committee, and the operation of the Secretariat. The co-chair went on to outline the issues raised therein with respect to the Protocol's key institutional mechanisms.

#### **1. Meeting of the Parties**

77. The co-chair recalled that while the Protocol itself did not require that the Parties should meet each year, the rules of procedure for the meetings of the Parties currently indicated that ordinary meetings of the Parties should be held once each year. Furthermore, the Parties had built a significant infrastructure of decisions around the notion of annual meetings, including those addressing exemptions from ozone-depleting substance phase-out obligations and related Technology and Economic Assessment Panel reports, terms of office and budgets. Accordingly, changes to those and potentially other decisions would have to be made in the event of any changes to the annual cycle of meetings of the Parties.

78. The co-chair noted that if the finalization of the reports of meetings of the Open-ended Working Group were left to the Secretariat, meetings could, as a general matter, be shortened by one day with cost savings of between \$40,000 and \$50,000. Furthermore, if the Parties decided to collapse all deliberations into one meeting of the Parties each year, an annual saving of \$400,000 to \$500,000 could be realized.

#### **2. Technology and Economic Assessment Panel**

79. The co-chair recalled that the assessment process was developed in the mid to late 1980s, when science and technology advancements were occurring at a very rapid pace, annual consumption of ozone depleting substances was in the order of 1.7 million ODP tonnes and there was a wide variety of

uses of ozone-depleting substance. By comparison, current ODP-weighted consumption reflected a 95 per cent phase-out and remaining uses were much more limited. Over recent years there had been a decrease in the number of experts on the Technology and Economic Assessment Panel who had significant historical experience. That arose from retirements or decisions by companies to cease paying for participation, a greater focus on ensuring the inclusion of experts from Parties operating under Article 5, and a greater reliance on the Panel's response to questions rather than on the annual progress reports.

80. The co-chair also recalled that although the Panel was of fundamental importance and represented indisputable value for money, the Panel's costs had risen from approximately \$400,000 in 1996, to over \$600,000 in a typical non-assessment year, such as 2007. Furthermore, of the total annual budget, approximately 75 per cent covered travel of Article 5 members and the organization of meetings of the technical options committees (32 per cent of which was allocated to the Methyl Bromide Technical Options Committee). Approximately 23 per cent of the budget was allocated to the Technology and Economic Assessment Panel itself and the remaining 2 per cent was spent on documentation.

### **3. Implementation Committee**

81. The co-chair recalled that the work of the Implementation Committee had expanded significantly over the last decade and that the workload had increased from approximately one day of meetings a year to five days; related documentation now exceeded the pages of translated material required for the Open-ended Working Group meetings and related costs had more than tripled since 1999. The historic record indicated that a further increase in the Committee's work was likely soon after 2010 and that the workload would probably decrease after 2012.

### **4. Ozone Secretariat**

82. The co-chair recalled that the Secretariat's eight professional staff carried out work for the Parties to both the Vienna Convention and the Montreal Protocol, as well as for the Implementation Committee. The Secretariat received a total annual budget allocation of \$4,500,000, over 56 per cent of which was used for the servicing of meetings and travel of Article 5 participants. 29 per cent of the budget was allocated to salaries and the remaining 15 per cent was used on operating expenses, such as rent, mailing services and communications. The fact that only \$30,000 or less was used on consultants demonstrated that, with specific exceptions, the Ozone Secretariat produced virtually all of its work in house. That said, and assuming there was no change in workload by virtue of future decisions of the Parties, the Secretariat could envision a reduction on its annual budget in the 2010–2012 timeframe.

## **B. Discussion**

83. In discussing the item, many representatives paid tribute to the Protocol's institutions, which they said had played a key role in the success of the Protocol to date. At the same time, most of those who spoke affirmed that there was a need for the structure and scale of the Protocol's institutions to respond to the challenges faced by Parties, which were expected to change in the years after 2010. With those concerns in mind, several representatives called for an immediate evaluation of the institutional changes that would be needed after 2010, including possibly reducing the size of some bodies and the number of meetings held annually; one warned that if the Meeting of the Parties did not take such steps then the decision could be taken by other bodies outside the Protocol.

84. Other representatives stressed the need for a cautious approach to institutional change and some said that there should be no change to the current institutional and meeting arrangements until 2010 in view of their success to date and the uncertainty of the workload thereafter. Some speakers suggested that the changing focus of the Protocol would create fresh work that might offset the reduction in the workload in other areas. It would therefore be crucial to determine what tasks the Protocol would face before seeking to evaluate its institutional needs.

85. A range of opinions were expressed on several specific proposals for changes to the institutions and working practices. Some representatives expressed support for incorporating the work of the Open-ended Working Group into that of the Meeting of the Parties and holding fewer meetings of the Parties, on the grounds that other conventions worked effectively on that basis. Others suggested, however, that the division of labour between the Open-ended Working Group and the Meeting of the Parties had been central to the latter's effectiveness and that a reduction in the frequency of meetings of the Parties would need to be considered in the light of the workload of the Implementation Committee and the imposition of new controls.

86. In a similar fashion, whereas some representatives recommended reducing the number of meetings of the Technology and Economic Assessment Panel and conducting those meetings using electronic media, others observed that the Panel had been crucial to the Protocol's success and that current technological limitations meant that reliance on electronic communication could harm the Panel's outputs. Other suggestions for changes to the Protocol's mode of work included the adoption of a rolling programme of work for the Protocol; the development by Protocol bodies of five-year workplans; changes to countries' reporting requirements, which were described as outdated and under-used; and the holding of more dialogue sessions in the future.

87. There was broad agreement that whatever form they took, the Protocol's institutions needed to be provided with sufficient resources to fulfil their tasks. Several representatives suggested that there was a strong case for increasing the resources available to the Implementation Committee in view of the current workload and anticipated increases in the years to 2012. There was also general support for maintaining the scientific assessments and analyses that underpinned work under the Protocol.

88. A detailed list of the issues that were raised during the discussion on the item can be found in chapter VII of annex I to the present report.

## Annex I

### Detailed summary of issues arising from the dialogue

1. In accordance with paragraph 6 of decision XVIII/36, the following is a summary of the key issues arising from the interventions of participants during the dialogue. The issues are grouped according to the agenda items contained in the annotated agenda (annex I to document UNEP/OzL.Pro.DKFC1/2):

#### I. Agenda item 5: future challenges related to scientific assessment, analysis and monitoring of the state of the ozone layer

2. In their discussion on future challenges related to scientific assessment, analysis and monitoring of the state of the ozone layer, the participants made the following observations:

(a) There was a need to maintain a robust monitoring system capable of delivering important data, such as atmospheric and stratospheric levels of ozone-depleting substances and ground level ultraviolet levels, both currently and in the future;

(b) There was a need to improve analytical capabilities for the tracking of ozone- and climate-related source gases and parameters, for detecting and tracking stabilization and expected recovery of stratospheric ozone, for identifying the sources of changes in radiation that lead to changes in the ozone profile, and for deriving a global record of ground level ultraviolet radiation.

(c) There was a need to ensure stable long-term funding for the global observation network that is currently at risk due to declining funding;

(d) Funds should continue to be sought pursuant to decision VII/12 of the Conference of the Parties to the Vienna Convention for the Protection of the Ozone Layer;

(e) It would be desirable for the Secretariat to submit a proposal to the Nineteenth Meeting of the Parties, aimed at mobilizing resources for monitoring

(f) There was a need to consider the mobilization of funds outside of the context of decision VII/12 of the Conference of the Parties of the Vienna Convention and through assessed contributions or possibly through the Multilateral Fund;

(g) Parties should be urged to continue supporting members of the Assessment Panels and to keep up or enhance their national monitoring efforts;

(h) There was a need to consider some institutional funding, rather than relying solely on national or private company contributions, in order to maintain the minimum level of expertise in the Panels that would be needed in the future;

(i) Participants at the dialogue should give a clear signal of the importance of maintaining a robust monitoring network capable of delivering needed data to assess the status of the ozone layer;

(j) Existing monitors and monitoring systems should be sustained, with the assistance of the World Meteorological Organization, to ensure that monitoring devices yielded correct measurements;

(k) Monitoring should be undertaken to determine the effects of the decisions of the Protocol Parties;

(l) There was a need better to understand and monitor the relationship between climate change and protection of the ozone layer;

(m) There was a need better to understand the impacts that higher ground level temperatures might have on the ozone layer recovery;

(n) More resources should be devoted to understanding the role of short-lived ozone-depleting substances in the atmosphere and their impact on ozone depletion;

(o) A distinction should be maintained between monitoring done under the Vienna Convention and the assessment and review done under the Montreal Protocol;

(p) A strong scientific assessment capability should be maintained to enable the Parties to address the remaining issues, many of which might be complex in nature, in a thoughtful manner;

- (q) A stronger link might be needed between the scientific expertise and scientific monitoring under the Montreal Protocol and that of other entities and or international conventions addressing issues such as climate;
- (r) Close cooperation between the scientific community and policymakers was needed;
- (s) Monitoring for some of the lesser ozone-depleting substances should be enhanced;
- (t) The Secretariat should use its website to advertise for scientific experts, particularly for experts from Article 5 countries, in order to aim for greater parity of representation from Article 5 and non-Article 5 countries on the scientific panels;
- (u) The forthcoming initiatives of the European Community in the area of monitoring of the environment, in particular to support global environmental agreements, were worthy of note.

## II. Agenda item 6: challenges in phasing out HCFCs

3. In their discussion on challenges in phasing out HCFCs, the participants made the following observations:
- (a) Technical and financial assistance was needed to enable Parties operating under Article 5 to accelerate the phase-out of HCFCs;
  - (b) The Multilateral Fund's Executive Committee decisions that limited funding for HCFC conversions should be reconsidered;
  - (c) The Executive Committee's decision 17/17, limiting funding of capacity installed after July 1995, should not apply to HCFCs, but only to CFCs and halons;
  - (d) Enterprises that had converted to HCFC use with the assistance of the Fund should be supported in secondary conversions from HCFC use;
  - (e) There was a need to consider the significant economic impact of conversion from HCFCs to alternatives that were under patent and might be many times more expensive than HCFCs
  - (f) Issues related to compensation from the Clean Development Mechanism for HFC-23 destruction from HCFC-22 production needed to be taken up with the Mechanism's board, and the Technology and Economic Assessment Panel work on the impact of the Mechanism should address issues raised recently by the Parties to the United Nations Framework Convention on Climate Change (UNFCCC);
  - (g) There was a need to look at all the facts related to Clean Development Mechanism compensation before reaching conclusions;
  - (h) Any new HCFC schedules should set a realistic baseline to control growth and include intermediate steps and a cut off date;
  - (i) There was a need to consider the advisability of allowing exemptions from any agreed HCFC phaseout;
  - (j) Agreement was needed on one set of proposals for adjusting the HCFC phase-out schedules, rather than all six, and in that context, consideration should be given to both environmental and development implications;
  - (k) There was a need to examine the experience of phasing out HCFCs in developed countries, which showed that alternatives were readily available;
  - (l) There was a need to consider alternatives to HCFCs other than HFCs, which had a high global warming potential;
  - (m) The environmental impact of alternatives to HCFCs should be evaluated and natural refrigerants should be considered;
  - (n) There was a need to perfect alternatives or to provide assurances to industry that, if they had converted to HCFC use and subsequently to HFCs, they would not be asked to convert a third time;
  - (o) Article 5 Parties should be given sufficient time to develop a management system and legislation and build awareness to address HCFCs;

- (p) While there was a need to look at both the ozone and climate benefits of addressing HCFCs, greater focus should be put on the ozone benefits, as that was the objective of the Montreal Protocol;
- (q) There was a need to understand the full environmental consequences and consider the possible negative effects of the Protocol's principal of allowing use of HCFC-123 for a longer time;
- (r) Article 5 Parties needed to produce clear action plans before being allocating funding.

### **III. Agenda item 7: key future policy challenges related to the further management, control and/or phase-out of ozone-depleting substances other than HCFCs**

4. In their discussion on key future policy challenges related to the further management, control and/or phase-out of ozone-depleting substances other than HCFCs, the representatives made the following observations:

- (a) There was possibly a need to cap and then phase-out the exemption for methyl bromide quarantine and pre-shipment uses and capping quarantine and pre-shipment uses might mobilize efforts to find alternatives;
- (b) Phasing out quarantine and pre-shipment uses was not yet a long-term goal of the Protocol;
- (c) Quarantine and pre-shipment uses should be limited to cases where no alternatives existed and cooperation with trading partners and the International Plant Protection Convention (IPPC) was needed to find viable economic and internationally agreeable alternatives;
- (d) The quarantine and pre-shipment exemption might be necessary to maintain national support for the phase-out of methyl bromide;
- (e) More stringent measures should be considered to reduce the number of critical use exemptions if the current trend of reductions failed to continue;
- (f) All Parties needed to treat critical use exemptions similarly and ensure strict adherence to the Protocol requirements, including the requirements related to stockpiles;
- (g) There was a need to understand the extent of ozone-depleting substance use in feedstock applications and related emissions and impact on the ozone layer;
- (h) Management of ozone-depleting substances, including dealing with emissions and destruction, brought the Parties into an area where they had comparatively little experience and addressing those issues under the Protocol might require a new legal framework and a new type of enhanced monitoring and validation;
- (i) The current definition of consumption under the Protocol, according to which countries could get credit for destruction and thereby enable the production of new chemicals, did not seem consistent with Parties' desire to phase out ozone-depleting substances;
- (j) There was a need to consider the long-term viability of defining a global limit for exemptions that might be extend well into the future;
- (k) Parties should consider emission control technologies at the national level;
- (l) While there was no current legal requirement to address banks, the size of banks and emissions therefrom meant that Parties could not avoid acting; action could yield both climate and ozone benefits;
- (m) There was a need to consider the economic, technical and administrative viability of options to address banks, and significant analysis would have to be done to underpin any decisions;
- (n) Parties should await the outcome of the destruction study being undertaken by the Multilateral Fund before taking any decisions on how to move forward on banks
- (o) There was also a need to consider the possible need for some countries to destroy small quantities of ozone-depleting substances and contaminated ozone-depleting substances in the near term;
- (p) Any work done on the destruction of banks needed to be done in cooperation with other international forums with more experience and more anticipated work in that area, and it might be

possible for those forums to agree to include the destruction of ozone-depleting substances in their workplans;

- (q) The Multilateral Fund should provide funding to enable Article 5 Parties to undertake destruction;
- (r) There was a need to consider maximizing the use of recovery and recycling to address banks in order to enable existing equipment to be used to the end of its useful life and thereby obviate the need for new production;
- (s) Parties needed to develop appropriate workplans prior to the destruction of banks;
- (t) Any new focus on banks should not divert Parties from their primary Protocol obligations to eliminate production and consumption;
- (u) There was a need to consider creating an incentive to address banks by conditioning the granting of exemptions on the destruction of a quantity of ozone-depleting substances from banks;
- (v) There was a need to work within the Protocol to find ways to ensure appropriate management of halon banks so that they can be used to meet global and regional needs and, in that context, the Halons Technical Options Committee could be asked to develop and present a plan designed to mitigate regional imbalances;
- (w) More work was needed on identifying alternatives to halons;
- (x) There was a need to consider concerns about campaign production, including issues related to the cost of storage, the difficulty of accurately predicting long-term needs and the possibility that production of too little CFC could jeopardize patient health.

#### **IV. Agenda item 8: sustaining compliance, maintaining enforcement and combating illegal trade beyond 2010**

5. In their discussion on sustaining compliance, maintaining enforcement and combating illegal trade beyond 2010, the participants made the following observations:

- (a) Collaboration among customs officers should be strengthened, perhaps through joint training or establishment of customs networks;
- (b) It would be important to continue capacity-building efforts;
- (c) Exchange of information and intelligence on illegal trade between Parties should be enhanced;
- (d) It would be useful to consider the experience of other conventions, such as the Convention on International Trade in Endangered Species and the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal, when addressing illegal trade;
- (e) Production and consumption needed to be faithfully controlled in order to address illegal trade;
- (f) The continuing legal uses of ozone-depleting substances in areas such as feedstocks, exemptions and process agents, should be tracked carefully to ensure that ozone-depleting substances produced for these uses were not diverted to illegal uses;
- (g) Parties that were granted exemptions needed to have good licensing procedures to ensure that no material was diverted to illegal uses;
- (h) It was important to maintain a strong compliance regime under the Protocol to deal with cases of non-compliance and help countries come back into compliance quickly;
- (i) It was important to maintain funding for and to strengthen national ozone units so that they could focus on compliance;
- (j) Production needed to be cross-checked against consumption in accordance with decision XVII/16;
- (k) There was a need to train and use national experts (as opposed to international consultants) so that they could be competent in ensuring national compliance;
- (l) Cooperation between producer and importer countries should be strengthened;

- (m) There was a need to maintain customs training and support customs training refresher courses and initiatives to enhance cooperation with the Green Customs Initiative;
- (n) Customs offices needed to have the ability to analyze material;
- (o) There was a need to maintain strong links through the continuation of the regional networks;
- (p) Illegal import of appliances should be addressed;
- (q) There was a need to mobilize the political will to enable strong domestic enforcement of licensing systems;
- (r) Publicizing convictions could help deter others from engaging in illegal trade;
- (s) HCFC smuggling was a concern and consideration should be given to assigning specific customs codes to each HCFC;
- (t) Guidance and funding should be provided for the final disposal of illegally traded ozone-depleting substances that were confiscated;
- (u) There was a need to consider the establishment of a pre-export information system to enable Parties to have more targeted controls; such systems could include informal prior informed consent systems, such as the "Project Sky Hole Patching", or more formal obligatory prior informed consent systems systems;
- (v) There was a need to consider using economic instruments to help eliminate the remaining uses of ozone-depleting substances;
- (w) National ozone units had a fundamental role in addressing illegal trade and there was a need to continue funding those essential structures and human resources to ensure their stability and to enhance their capacity to address monitoring and compliance;
- (x) Sound and complete legal and judicial systems were needed to address illegal trade;
- (y) Training for enforcement officers should be strengthened;
- (z) Awareness-raising and training for prosecutors should be supported;
- (aa) There was a need to consider the benefits of closer coordination with the World Customs Organization's regional intelligence liaison offices;
- (bb) Licensing systems should be revitalized so that they were better able to address illegal trade;
- (cc) The use of CFCs should be completely eliminated as soon as possible;
- (dd) There was a need to pay attention to stocks of ozone-depleting substances;
- (ee) There was a need to consider stronger controls on trans-shipment of ozone-depleting substances;
- (ff) There was a need to focus first on the implementation of existing commitments, including the need for robust licensing systems;
- (gg) The establishment of import quota systems should be considered;
- (hh) Trade should be licensed and permitted on a shipment-by-shipment basis;
- (ii) There was a need to explore what had made efforts in some countries successful and whether similar efforts could be undertaken by all countries;
- (jj) There was a need to understand that the Multilateral Fund could not support compliance indefinitely and that national ozone units would need to be integrated into government structures;
- (kk) There was a need to enhance the ability of national ozone units to deal effectively with mixtures of ozone-depleting substances;
- (ll) National ozone units and customs administrations needed to be able to verify imports so ozone-depleting substances were not imported under the guise of being non-ozone-depleting substances;
- (mm) Full implementation of existing commitments should be ensured before considering new commitments;

- (nn) Provision of assistance to the 47 Parties that currently lacked licensing systems should be urgently prioritized;
- (oo) Licensing systems needed to cover all ozone-depleting substances;
- (pp) Exporting countries needed to carry out robust action to ensure illicit exports were not taking place;
- (qq) There was a need for continued awareness-raising and refresher training for customs authorities and for funding from the Multilateral Fund to enable that activity;
- (rr) Flaws in existing monitoring, reporting and data collection systems needed to be addressed;
- (ss) There was a need to recognize the difficulty of porous borders and assist countries in holding dialogues with neighbours to address issues of illegal trade.

## **V. Agenda item 9: improving cooperation and coordination of the Montreal Protocol with other multilateral environmental agreements and processes**

6. In their discussion on improving cooperation and coordination of the Montreal Protocol with other multilateral environmental agreements and processes, the participants made the following observations:

- (a) There was a need to consider giving the Secretariat broad authority to work with other multilateral environmental agreements;
- (b) There was a need to consider having one agenda item at each meeting of the Parties relating to following up on decisions under other multilateral environmental agreements that could have an impact on the ozone regime;
- (c) There was a need to consider giving the Secretariat authority to work with other multilateral environmental agreements, specifically in the areas of destruction or disposal of ozone-depleting substances that could not be recycled, to fight illegal trade, to deal with the HFC-23 issue with the Clean Development Mechanism of the Kyoto Protocol, and to work with other secretariats on maintaining one, non-duplicative list of controlled substances;
- (d) The Secretariat should coordinate with other multilateral environmental agreements on issues only when directed by the Meeting of the Parties;
- (e) Any decisions and work on coordination should to be done with mutual respect for the different institutions;
- (f) The Parties' aims should not be achieved at the expense of the aims of other environmental agreements;
- (g) There was a need to consider the common interests that the Montreal Protocol had with the Green Customs Initiative, the Stockholm Convention on Persistent Organic Pollutants and the Rotterdam Convention on Prior Informed Consent Procedure for Certain Hazardous Chemicals and Pesticides in International Trade, UNFCCC and IPPC;
- (h) Coordination should take place at various levels, including among national delegates, which sometimes presented a challenge;
- (i) There was a need to work with other conventions to address issues of unwanted ozone-depleting substances, destruction of ozone-depleting substances and transboundary movement of unwanted ozone-depleting substances;
- (j) Cooperation with other multilateral environmental agreements should be preceded by concrete decisions of the Meeting of the Parties mandating such activity;
- (k) The Secretariat should monitor the work of other conventions so that the impact of the Protocol on those conventions could be taken into account;
- (l) The Secretariat needed to make Parties aware of work under other multilateral environmental agreements that might affect the Protocol;

- (m) The assessment panels should have a mandate to consider issues addressed by other conventions and to make contact with those conventions so that such assessments would cast light on the influence of Parties' decisions on other conventions;
- (n) The executive agencies implementing the Protocol should cooperate to develop an approach that integrated the needs of all multilateral environmental agreements in their work;
- (o) There was a need to ensure that the focus on integrating large institutions did not come at the expense of integration at the ground level;
- (p) Almost all agreements had some overlapping areas where coordination, cooperation and information sharing was therefore necessary;
- (q) There was a need to consider rationalization of multilateral environmental agreement resources, including taking a broader look at how the 140 ozone units might be utilized, particularly in the areas of climate and chemicals;
- (r) The Secretariat should recognize the power and mandate it had as a result of decision XVI/34 to reach out and respond to other multilateral environmental agreements when questions were asked;
- (s) There was a need for increased coordination with the World Customs Organization and the World Trade Organization during its Doha round;
- (t) The Montreal Protocol should share its lessons with other multilateral environmental agreements and promote synergies with them, including in the areas of agriculture and resource mobilization;
- (u) There was a need to consider assigning qualified individuals to serve as resource people at meetings;
- (v) The Secretariat needed the mandate for full and active participation with other multilateral environmental agreements;
- (w) Other multilateral environmental agreements might fall within the remit of different ministries than those that managed the Protocol and that could hamper national coordination;
- (x) The Secretariat needed to consider notifying the Montreal Protocol delegates electronically when it became aware that issues relevant to the Montreal Protocol were to be discussed in other forums;
- (y) There was a need to focus on cooperation and coordination that would assist the Parties in their work to implement Montreal Protocol obligations;
- (z) The existing financial frameworks within the Montreal Protocol should be maintained and not ceded to other processes;
  - (aa) More coordinated research on ISPM 15 was needed;
  - (bb) Authority for cooperation with other multilateral environmental agreements should be provided on a case-by-case basis in order to avoid giving the Secretariat a broad policymaking role;
  - (cc) There was a need to consider integrating ozone-depleting substance issues into national chemicals management systems in order to maximize resources.

## **VI. Agenda item 10: future of the Multilateral Fund beyond 2010**

7. In their discussion on the future of the Multilateral Fund beyond 2010, the participants made the following observations:

- (a) The Multilateral Fund and related assistance should be seen as fundamental to supporting Article 5 Parties efforts to phase out ozone depleting substances;
- (b) The Fund should continue to support national ozone units, the United Nations Environment Programme (UNEP) Compliance Assistance Programme and the regional networks of ozone officers;
- (c) There was a need to postpone discussions about any changes until a decision had been taken on the proposed HCFC adjustments and then to discuss what impacts any agreed adjustments might have on the Multilateral Fund system;

- (d) It was important to recognize that, as shown in a German study on HCFC conversions in China, undertaking HCFC adjustments could require as much funding as or even more than had been given to the Fund to date;
- (e) The future success of the Protocol would depend on the continued operation of the Fund, and its continuation was in the interest of all Parties;
- (f) The future of Fund would depend on the work remaining to be done, which would depend on the Parties' decisions on other issues, such as HCFCs, dealing with ozone-depleting substance banks and destruction of ozone-depleting substances, and on the remaining work in other areas, such as licensing, data reporting, metered-dose inhalers, methyl bromide, quarantine and pre-shipment uses, illegal trade, implementation of control measures, coordination and interaction with Parties through networks;
- (g) Co-financing of activities by the Fund and other entities should be considered;
- (h) Parties should be open to allowing the Fund to expand to assist other multilateral environmental agreements, perhaps by opening separate windows of operation;
- (i) The Fund should always take decisions that were first and foremost based on ozone considerations;
- (j) The number of meetings of the Executive Committee should continue at current levels and if change were considered it should be considered within a limited range;
- (k) Working with other multilateral environmental agreements should not be considered because it would dilute the mission of the Fund;
- (l) The Fund should not merge with the Global Environment Facility (GEF) because inefficiencies might ensue;
- (m) Expertise gained by Fund Secretariat over the last 15 years should not be lost;
- (n) A robust replenishment of the Fund was needed;
- (o) Staffing of the Fund secretariat needed to be maintained at levels commensurate with the work it had to do;
- (p) The scope and scale of the next replenishment of the Fund should be calculated on the basis of cost effectiveness, taking into account obligations to be complied with.
- (q) There was a need to consider the impact of new measures on HCFCs and to consider elimination of the current Fund restrictions on HCFC conversion funding;
- (r) The Fund could provide support for dealing with obsolete equipment and destruction of ozone depleting substances;
- (s) The Fund should be maintained in order to sustain the investment in the phase-out in Article 5 Parties made to date;
- (t) The Fund should assist in addressing the policy matters currently outside its remit;
- (u) The ozone hole should not be filled by digging a climate hole;
- (v) Currently, Article 5 Parties were facing an increasing number of tasks and the Fund should therefore be strengthened and not weakened;
- (w) Halting the work of the Fund would create both environmental and human health difficulties;
- (x) The Fund should consider, where possible, how it could complement climate change mechanisms;
- (y) At some point in the future, there would be a reduced need for the Fund, which implied that there was a need to consider now options such as combining it with the GEF or allowing it to handle other conventions;
- (z) There was a need to consider the complications that might arise in working with GEF;
- (aa) For Article 5 Parties, compliance with the obligations of the Protocol was linked to the availability of funding from the Fund;

(bb) The success of the Fund and the Protocol had been based on Article 5 Parties taking on real, measurable commitments and whatever was done after 2010 needed to be based on similar commitments.

## **VII. 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**

8. In their discussion on administration and institutional issues related to the Montreal Protocol, the participants made the following observations:

(a) The Protocol's institutions needed to evolve based on the changing scope and nature of work to be addressed;

(b) There was a need to understand the work that was needed in the future before considering changes to the institutions;

(c) There was a need to consider the significant work that was still needed in areas such as illegal trade, feedstocks, synergies, destruction, banks, methyl bromide, HCFCs, and exemptions;

(d) Planning was needed now to ensure the continued vitality of the Montreal Protocol institutions and to avoid making sudden decisions to reduce their size;

(e) With fewer obligations after 2009, it would become increasingly difficult to justify the existing infrastructure;

(f) There was a need to consider adopting the models used by other multilateral environmental agreements to streamline work, such as holding less or shortened meetings;

(g) Some meetings of the technical groups could be conducted by email or video conference and the Technology and Economic Assessment Panel could be streamlined and report less often;

(h) Parties should work with the institutions to develop a five-year plan that set out the institutions' changing functions and responsibilities;

(i) Everything should be kept stable at least until the 2010 phase-out had been accomplished and perhaps until all Parties have reached compliance with all control provisions, and only at that point should restructuring be considered to meet any new needs;

(j) The practice of holding two meetings a year should be maintained as it helped Parties understand the issues and allowed the Meeting of the Parties to consider and come to agreement on issues in a rational manner;

(k) The need for the Parties to have a continuous update on essential information well beyond 2010 necessitated the continuation of a robust assessment process;

(l) The deliberations of the Implementation Committee needed to be extended by one day annually to facilitate full assessment of the situation of Parties facing non-compliance;

(m) The Implementation Committee needed to continue to play its vital role until well after 2010;

(n) It would be necessary to monitor the many ozone-depleting substances that would continue to be produced for such uses as feedstocks after 2010 and that would require sustaining a strong ozone Secretariat well into the future;

(o) There was a need to consider very carefully any changes to the infrastructure that had been so critical to the success of the Montreal Protocol and to consider, in that context, the key contributions that had been made by related Protocol bodies;

(p) There was a need to adjust the institutional arrangements when the tasks to be fulfilled changed;

(q) There was a need to consider continued or enhanced support for the Protocol's bodies in order to ensure that the Parties continued to have the best scientific information possible;

(r) The preparatory segment of the Meeting of the Parties could be merged with the main meeting and a rolling program of work could be introduced;

- (s) Critical and essential use exemptions should continue to be reviewed annually;
- (t) Many of the remaining issues were among the most complex and addressing them would require maintenance of the institutions as they had operated to date;
- (u) There was a need to understand what the scope of the institutions should be in the future if the Parties were to consider a long-term paradigm shift that focused on allowing a limited global basket of ozone-depleting substances to be used in the future;
- (v) Regardless of any changes made, translated documentation would still be necessary;
- (w) Internal analysis should seek to identify the specific needs of the Protocol's institutions, their inter-linkages and the benefits that they could deliver;
- (x) There was a need to consider conducting the current annual assessments biennially or less frequently, depending on the work of the various committees;
- (y) Reporting requirements could be reformed and it might be possible to find ways to reduce the frequency of reporting;
- (z) If some of the institutions were dismantled, it might be impossible to reassemble them if needed;
- (aa) The meetings of the Open-ended Working Group and of the Meeting of the Parties could be merged and held once annually.

## Annex II

### **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<sup>1</sup>**

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 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 twenty-seventh 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

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<sup>1</sup> UNEP/OzL.Pro.WG.1/27/7

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.

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