



Distr.: General  
21 June 2016

Original: English



**United Nations  
Environment  
Programme**

---

**Third Extraordinary Meeting of the Parties to  
the Montreal Protocol on Substances that  
Deplete the Ozone Layer: high-level meeting**  
Vienna, 22 and 23 July 2016

## **Issues for discussion by and information for the attention of the Third Extraordinary Meeting of the Parties to the Montreal Protocol**

**Note by the Secretariat**

### **I. Introduction**

1. By its decision XXVII/1, on the Dubai pathway on hydrofluorocarbons (HFCs) (see annex), the Twenty-Seventh Meeting of the Parties to the Montreal Protocol on Substances that Deplete the Ozone Layer, held in Dubai, United Arab Emirates, from 1 to 5 November 2015, decided to work within the Montreal Protocol to an HFC amendment in 2016 by first resolving challenges by generating solutions in the contact group on the feasibility and ways of managing HFCs during Montreal Protocol meetings. In the same decision, the parties decided to hold in 2016 a series of Open-ended Working Group meetings and other meetings, including an extraordinary meeting of the parties.

2. The first of the meetings called for in decision XXVII/1 was the thirty-seventh meeting of the Open-ended Working Group, held in Geneva from 4 to 8 April 2016. At the end of that meeting, the Open-ended Working Group agreed to suspend the meeting and resume it prior to the thirty-eighth meeting of the Open-ended Working Group for the purpose of continuing its work under agenda item 4 on the Dubai pathway on hydrofluorocarbons.<sup>1</sup>

3. The resumed thirty-seventh meeting of the Open-ended Working Group will be held in Vienna on 15 and 16 July 2016, immediately prior to the thirty-eighth meeting of the Open-ended Working Group, to be held from 18 to 21 July 2016, and the third Extraordinary Meeting of the Parties, to be held on 22 and 23 July 2016. While the resumed thirty-seventh meeting of the Open-ended Working Group and the Third Extraordinary Meeting of the Parties are aimed solely at discussing and making progress on the Dubai pathway on HFCs, the thirty-eighth meeting of the Open-ended Working Group will include all the issues that are expected to be addressed by the parties in 2016, including the Dubai pathway on HFCs.

4. Section II of the present note provides an overview of the issues on the provisional agenda for the Third Extraordinary Meeting of the Parties.

---

<sup>1</sup> UNEP/OzL.Pro.WG.1/37/1.

## Credentials

5. Participants in the Third Extraordinary Meeting of the Parties are required to present credentials, which will be examined by the Bureau of the Twenty-Seventh Meeting of the Parties.

6. The rules of procedure applicable to meetings of the parties provide that the credentials of representatives and the names of any alternate representatives and advisers should be submitted if possible not later than 24 hours after the opening of the meeting. As the Third Extraordinary Meeting of the Parties will be conducted over a period of two days, it is requested that credentials be submitted to the Ozone Secretariat before the closing of the first day of the meeting, if possible. Any later change in the composition of the delegation should also be submitted to the Secretariat. Credentials should be issued either by a Head of State or Government, by a minister for foreign affairs or, in the case of a regional economic integration organization, by the competent authority of that organization.

## II. Overview of items on the agenda

### Agenda item 3 “Dubai pathway on hydrofluorocarbons” (decision XXVII/1)

#### 1. Ministerial round table

7. During the meetings of the parties in the past two years, ministerial round-table discussions have been organized to bring into the spotlight some of the key issues that the parties were addressing under the Montreal Protocol and to encourage a more direct exchange of views among participants, including ministers and high-level officials. A ministerial round table on the topic of “Moving forward to deliver in 2016 on the mandate of the Dubai pathway on hydrofluorocarbons (HFCs)” will be held at the Third Extraordinary Meeting of the Parties.

8. The ministerial round table will provide an opportunity for reflection and a constructive exchange of views on where parties stand regarding deliberations on the Dubai pathway during the first day of the Third Extraordinary Meeting, as well as discussion on how to bridge any remaining differences in views and approaches on issues, including providing solutions for moving the process forward. A number of ministers and high-level officials among parties have been invited to participate and to make brief statements on the topic. After they have delivered their statements, an interactive discussion will be conducted by a moderator involving meeting participants and panellists. At the end of the discussion, the moderator will provide a summary of the main points discussed.

9. Following the ministerial round-table discussion, heads of delegation will be invited to make brief statements. From the first day of the preparatory segment of the meeting, the Secretariat will begin accepting requests to speak and compiling a list of speakers based on those requests. In the interest of fairness to all delegations and to ensure that all who wish to speak have an opportunity to do so, it will be important for heads of delegation to limit their statements to four or five minutes. Statements by heads of delegations of parties will be delivered in the order in which their requests to speak are received, subject to the understanding that ministers will be accorded priority.

#### 2. Status of progress on the Dubai pathway on HFCs

10. The contact group on the feasibility and ways of managing HFCs was first established at the Twenty-Seventh Meeting of the Parties, during which it discussed the challenges that were listed in its mandate and made progress in developing a common understanding on issues related to flexibility of implementation, second and third stage conversions, guidance to the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, enabling activities for capacity-building and the need for an exemption for high-ambient-temperature countries. The elements of the common understanding developed by the parties were listed as endorsed concepts in annex II to decision XXVII/1. The decision also recognized that further progress was needed, in particular with regard to other challenges identified in the contact group mandate, including conversion costs, technology transfer and intellectual property rights.<sup>2</sup>

11. In accordance with its mandate set out in decision XXVII/1, the Open-ended Working Group at its thirty-seventh meeting agreed to convene the contact group on HFCs and addressed the following issues under agenda item 4:

- (a) Resolving challenges by generating solutions on the feasibility of managing HFCs;
- (b) Ways of managing HFCs, including the amendment proposals submitted by parties;

<sup>2</sup> Paragraph 3 of decision XXVII/1.

(c) Work within the Montreal Protocol to an HFC amendment in 2016 under decision XXVII/1: process for moving forward.

12. At the thirty-seventh meeting of the Open-ended Working Group, the contact group concluded an initial review of all the challenges listed in its mandate and made progress in generating solutions, including a text proposal on an exemption for high-ambient-temperature countries and the solutions to some aspects of challenges related to funding and flexibility in implementation. However, the work was not completed. As mentioned in paragraph 2 above, the Working Group agreed to suspend that meeting and to resume it prior to its thirty-eighth meeting for the purpose of continuing and finalizing its work in delivering on the Dubai pathway on hydrofluorocarbons (HFCs). The outcome of the resumed thirty-seventh meeting will feed into the thirty-eighth meeting.

13. Under agenda item 4 on the Dubai pathway on HFCs, the Open-ended Working Group at its thirty-eighth meeting will consider the outcome of its resumed thirty-seventh meeting and continue the work as appropriate.

15. The Third Extraordinary Meeting is expected to provide a possible direction and appropriate decision on the Dubai pathway based on the progress made at the thirty-eighth meeting of the Open-ended Working Group, which is expected to provide a report to the Third Extraordinary Meeting under agenda item 3.

16. The documents that are available for the meeting include four amendment proposals,<sup>3</sup> an information document<sup>4</sup> that consolidates the four amendment proposals, showing how each of the proposals would affect the text of the Montreal Protocol, and any other documents, including the briefing notes prepared by the Secretariat for the thirty-seventh, resumed thirty-seventh and the thirty-eighth meetings of the Open-ended Working Group, should the parties deem them useful.

---

<sup>3</sup> UNEP/OzL.Pro.WG.1/resumed.37/3 and Add.1, UNEP/OzL.Pro.WG.1/38/3 and Add.1, UNEP/OzL.Pro.ExMOP/3/3 and Add.1, UNEP/OzL.Pro.28/5 and Add.1 (submitted by Canada, Mexico and the United States of America, referred to as the North American proposal), UNEP/OzL.Pro.WG.1/resumed.37/4, UNEP/OzL.Pro.WG.1/38/4, UNEP/OzL.Pro.ExMOP/3/4 and UNEP/OzL.Pro.28/6 (submitted by India, referred to as the Indian proposal), UNEP/OzL.Pro.WG.1/resumed.37/5, UNEP/OzL.Pro.WG.1/38/5, UNEP/OzL.Pro.ExMOP/3/5 and UNEP/OzL.Pro.28/7 (submitted by the European Union on behalf of its 28 member States, referred to as the European Union proposal), UNEP/OzL.Pro.WG.1/resumed.37/6, UNEP/OzL.Pro.WG.1/38/6, UNEP/OzL.Pro.ExMOP/3/6, and UNEP/OzL.Pro.28/8 (submitted by Kiribati, the Marshall Islands, Mauritius, the Federated States of Micronesia, Palau, the Philippines, Samoa and Solomon Islands, referred to as the "Island States proposal").

<sup>4</sup> UNEP/OzL.Pro.WG.1/resumed.37/INF/1, UNEP/OzL.Pro.WG.1/38/INF/1, UNEP/OzL.Pro.ExMOP/3/INF/1.

## Annex

### Decision XXVII/1: Dubai pathway on hydrofluorocarbons

*Recognizing* the Montreal Protocol's history of success in achieving collaborative and consensus-based outcomes and that hydrofluorocarbons (HFCs) are replacements for ozone-depleting substances that parties to the Montreal Protocol are already successfully phasing out,

1. To work within the Montreal Protocol to an HFC amendment in 2016 by first resolving challenges by generating solutions in the contact group on the feasibility and ways of managing HFCs during Montreal Protocol meetings;
2. To recognize the progress made at the Twenty-Seventh Meeting of the Parties on the challenges identified in the mandate of the contact group agreed at the resumed thirty-sixth meeting of the Open-ended Working Group (listed in annex I to the present decision,) on the feasibility and ways of managing HFCs, including development of a common understanding on issues related to flexibility of implementation, second and third stage conversions, guidance to the Executive Committee of the Multilateral Fund for the Implementation of the Montreal Protocol, enabling activities for capacity-building and the need for an exemption for high-ambient-temperature countries, and to endorse the concepts listed in annex II to the present decision;
3. To recognize that further progress still needs to be made, in particular with respect to other challenges identified in the contact group mandate, for example conversion costs, technology transfer and intellectual property rights;
4. To hold in 2016 a series of Open-ended Working Group meetings and other meetings, including an extraordinary meeting of the parties;
5. To continue consideration at the meetings mentioned in paragraph 4 above of items 6 and 7 of the agenda for the Twenty-Seventh Meeting of the Parties (UNEP/OzL.Pro.27/1), including the submissions set out in documents UNEP/OzL.Pro.27/5, UNEP/OzL.Pro.27/6, UNEP/OzL.Pro.27/7 and UNEP/OzL.Pro.27/8;

#### Annex I to decision XXVII/1

#### Mandate for a possible contact group on the feasibility and ways of managing HFCs

The Open-ended Working Group of the Parties to the Montreal Protocol at its thirty-fifth meeting held in Bangkok from 22 to 24 April 2015, agreed that "it would continue to work intersessionally in an informal manner to study the feasibility and ways of managing HFCs, including, inter alia, the related challenges set out in annex II to the [report of the thirty-fifth meeting of the Open-ended Working Group], with a view to the establishment of a contact group on the feasibility and ways of managing HFCs at the thirty-sixth meeting of the Open-ended Working Group" (UNEP/OzL.Pro.WG.1/35/6, para. 128).

The informal meeting was convened on the 12-13 of June in Vienna on the above mentioned basis.

The parties have recognised in their interventions the success of the Montreal Protocol and its institutions in phasing out ODSs.

The management of HFCs is applicable to both A5 and non-A5 parties.

Parties agree that nothing should be considered agreed until everything is agreed.

Parties agree that they shall first resolve the challenges mentioned below by generating solutions in a contact group.

- Relevance and recognition of the special situation of developing countries and the principles under the Montreal Protocol which have enabled sufficient additional time in the implementation of commitments by A5 countries;
- Maintain the MLF as the financial mechanism, and to agree that additional financial resources will be provided by non-A5 parties to offset costs arising out of HFC management for A5 parties if obligations are agreed to. In this regard, key elements for financial support from the MLF for A5 parties will be developed by the contact group to provide guidance to the ExCom of the MLF, taking into account the concerns of parties,

- The elements in paragraph 1(a) of decision XXVI/9 including IPR issues in considering the feasibility and the ways of managing HFCs,
- Flexibility in implementation that enables countries to set their own strategies and set their own priorities in sectors and technologies,
- Exemption process and a mechanism for periodic review of alternatives including the consideration of availability or lack of availability of alternatives in all sectors in A5 countries and special needs for high ambient countries, based on all the elements listed in paragraph 1(a) of decision XXVI/9,
- Relationship with the HCFC phase out,
- Non-party trade provisions, and
- Legal aspects, synergies and other issues related to the UNFCCC in the context of HFC management under the MP,

Then, the parties will discuss in the contact group the ways of managing HFCs including the amendment proposals submitted by the parties.

## **Annex II of the report of the 35th Open-ended Working Group meeting**

### **Challenges to be addressed**

- Energy efficiency
- Funding requirements
- Safety of substitutes
- Availability of technologies
- Performance and challenges in high ambient temperatures
- Second and third conversions
- Capacity-building
- Non-party trade provisions
- Synergies with the United Nations Framework Convention on Climate Change (legal, financial aspects)
- Relationship with the HCFC phase-out
- Ecological effects (effects on fauna and flora)
- Implications for human health
- Social implications
- National policy implications
- Challenges to the production sector
- Rates of penetration of new alternatives
- Exemptions and ways to address lack of alternatives
- Technology transfer
- Flexibility in implementation

### **Annex II to decision XXVII/1**

**Issues raised and discussed in detail as part of the challenges during the contact group will be further discussed, in a direction consistent with the record of the discussion.**

#### **Funding**

Maintain the MLF as the financial mechanism and agree that additional financial resources will be provided by non A5 parties to offset costs arising out of HFC management for A5 parties if obligations are agreed to.

### **Flexibility**

A5 parties will have flexibility to prioritize HFCs, define sectors, select technologies/alternatives, elaborate and implement their strategies to meet agreed HFC obligations, based on their specific needs and national circumstances, following a country driven approach.

The ExCom shall incorporate the principle in the above mentioned paragraph in relevant guidelines and its decision making process.

### **2nd and 3rd conversions**

Enterprises that have already converted to HFCs in phasing out CFCs and/or HCFCs will be eligible to receive funding from the MLF to meet agreed incremental costs in the same manner as enterprises eligible for 1st conversions.

### **Guidance to the ExCom**

It is understood that guidelines and/or methodologies will have to be developed on the following issues related to HFC control measures, if agreed:

- Determination of incremental costs
- Calculation of incremental costs
- Cost effectiveness thresholds
- Energy efficiency and climate impacts of projects

### **Enabling activities**

Enabling activities will be supported by the MLF in any HFC phase down agreement.

- Capacity building and training for handling HFC alternatives in the servicing sector, the manufacturing and production sectors
- Institutional Strengthening
- Article 4b Licensing
- Reporting
- Demonstration projects
- Developing national strategies

### **HAT Exemption**

The need for an exemption for high ambient temperature countries.

It is understood that the remaining challenges will be further discussed.

---