

**Statement by the Head of the Japanese Delegation
at the Thirty First Meeting of the Parties to the Montreal Protocol on Substances that
Deplete the Ozone Layer
4-8 November, 2019, Rome, Italy**

Distinguished delegates,

1. First of all, I would like to express my gratitude to the Secretariat for their efforts in organizing this meeting, as well as to the Government of Italy for its hospitality in hosting the meeting.

2. The Montreal Protocol has just celebrated its 30th anniversary in 2017, thus far achieving remarkable results. Japan continues to be engaged and committed to this international framework, fully implementing its obligations under the protocol as well as financially contributing to its activities as the second largest donor to the Multilateral Fund.

3. However, we perceive many challenges ahead. In addition to completing the on-going process for HCFC, we will start a new and long process of phasing down HFC, which is scheduled to continue until 2047 --- an additional thirty years from its 30th anniversary. From a long-term perspective, Japan believes that, in this process, the fairness and sustainability of the financial mechanism of the Montreal Protocol is increasingly at stake.

4. Several statistics point to this danger: Twenty-eight years have passed since the Multilateral Fund started providing financial support to Article 5 parties in 1991. Since then, the economic standings of Parties have changed significantly. According to data from UNDP, the aggregate GDP of Article 5 Parties accounted for less than 20% of that of all Parties in the early 1990s. However, by 2017, this proportion has grown to 60% of aggregate GDP of all Parties. This was driven by a significant increase in the number of Article 5 Parties relative to the number of the non-Article 5 Parties --- particularly an expansion in the share of Upper Middle Income Countries, accounting for the largest share of Article 5 Parties. As a result, we find ourselves in a situation where, in terms of aggregate GDP of Parties, a smaller percentage of non-Article 5 parties are increasingly supporting a larger and growing share of Article 5 parties, and alarmingly, this trend is expected to intensify in the future.

It is our grave concern that the current financial mechanism, established nearly thirty years ago, is no longer fair nor sustainable. For non-Article 5 parties such as Japan, the present level of financial contributions is becoming increasingly untenable, and difficult to justify to our taxpayers. Unlike thirty years ago, some Parties visibly appear to no longer require the financial resources that

they would have required in those times. We think that the financial mechanism should take into account these changes in economic circumstances as well as the principle of shared responsibilities and fair burden-sharing, in the interest of ensuring a sustainable structure necessary for the effective implementation of the Protocol over the coming years.

To address this pressing structural problem, Japan would like to propose starting formal discussions on this topic for a decision to be taken at MOP32 in 2020. We believe that any decision made on the 2021-2023 replenishment of the Montreal Fund should be based on an updated list of Article 5 parties and non-Article 5 parties, reflecting new economic realities. It is difficult for Japan to consider making a new financial commitment without a fair and sustainable financial mechanism. We would like to urge Parties to consider this issue very seriously.

5. Another concern about the future of the Protocol is the issue of compliance. Recent reports of unexpected emissions of CFC-11 have brought the credibility of the Montreal Protocol to question. Huge financial contribution has been made to the Multilateral Fund, under the assumption that all controlled substances would be phased out, as agreed, but this assumption has been overturned, with this evidence. We are concerned that problems of this nature might be replicated with other chemical substances, including HCFC and HFC in the future. Under such circumstances, whereby the implementation of the Protocol simply cannot be ensured, it will be increasingly difficult for Japan to justify and continue its financial assistance as in the past. It is imperative to ensure that no production nor illegal trade of controlled substances after the phase-out can occur under the auspices of the Protocol. We believe that the Parties can work together to address and resolve these issues in a constructive way, so that the Protocol can continue to build on its past success.

6. Lastly, I would like to present Japan's new initiative of fluorocarbon countermeasures. For both ozone layer protection and greenhouse gas reduction, it is important to reduce fluorocarbon emissions not only by upstream measures, but also by mid and downstream measures. Therefore, apart from the framework of the Montreal Protocol, we are now proposing an initiative for life cycle management of fluorocarbons, including the proper management of leaked and discarded fluorocarbons with a view to achieving additional emission reduction. I would like to ask other parties to join this new initiative.

Thank you for your attention.