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**NOTE**

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from: General Secretariat  
to: Delegations

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Subject: Montreal Protocol: Facilitating a global HFC phase-down agreement  
- Information from Commission

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Delegations will find in Annex an information note from the Commission on the above subject, which will be dealt with under "other business" at the Council (Environment) meeting on 14 October 2013.

**Facilitating a global HFC phase-down agreement**  
**– Information from the Commission –**

There have been recent substantial international developments addressing highly climate-warming HFCs (hydrofluorocarbons), which are used as replacements for ozone depleting substances (prohibited by the Montreal Protocol), in equipment such as fridges, large refrigeration systems, air conditioners, foams and other applications.

(i) The EU has been strongly making the case at meetings of the UNFCCC and of the Montreal Protocol that reducing emissions from HFCs represents a good opportunity to address the pre-2020 emissions gap, and that the Montreal Protocol should take action to phase down the production and consumption of these substances.

(ii) The G20, which includes nations critical to a phase down under the Montreal Protocol (i.e. China, Brazil, India, Argentina, Russian Federation and South Africa), has recently declared at leaders' level that the expertise and the institutions of the Montreal Protocol should be used to phase down the production and consumption of HFCs, while including HFCs within the scope of UNFCCC and its Kyoto Protocol for accounting and reporting of emissions.

(iii) Bilaterally, the US and China (i.e. respectively the largest user and the largest producer of HFCs) have furthermore agreed at head of state level to start the first step towards agreeing a HFC phase down amendment by setting up a contact group under the Montreal Protocol. This is significant as China has been one of the strongest opponents to regulating HFCs under the Montreal Protocol.

(iv) The CCAC (Climate and Clean Air Coalition), a global initiative which includes over 60 State, industry and NGO members (including 10 EU Member States), has issued a Ministerial communique in early September asking for action on HFCs under the Montreal Protocol.

In this international context it is quite probable that substantial discussions under the Montreal Protocol will start at its upcoming Meeting of the Parties which begins on 21 October 2013. A possible outcome could be the formation of an "Open-Ended Contact Group" to discuss the HFC amendment phase-down proposals.

While the EU has not yet put forward its own amendment text, it has clearly assumed the role of a credible leader on dealing with HFCs at a global level, due to existing EU legislation and more stringent legislation in the pipeline, a fact that has been much observed and is closely followed by other countries. For the international negotiations it is therefore crucial to maintain a high level of ambition in the on-going inter-institutional negotiations on the proposed F-gas Regulation, including maintaining the Commission's proposed HFC phase-down schedule, which is consistent with the proposed amendment to the Montreal Protocol.

Given that progress under the Montreal Protocol is likely, a main political issue for developing countries – and even a pre-condition for opening negotiations – will be the availability of sufficient funding for the transition to climate friendly alternatives to ozone depleting substances and HFCs, where the latter are already used. Discussions on these costs, which are linked to the replenishment of the Multilateral Fund, the financial instrument of the Montreal Protocol, have in the past been difficult, and have become even more so recently due to budget constraints during the economic crisis, which has not reassured developing countries.

Taking action on HFCs may initially require some increases in funding levels. However, in the medium and long-term there will be significant cost savings by avoiding a two-step transition (phasing in HFCs in developing countries and then having to phase them out again) as well as significant emission savings in the near to medium term, before an eventually agreed global phase-down will come into effect and make an impact.

In order for the EU to be prepared for developments at meetings of the Montreal Protocol and to continue to play a proactive leadership role, it is important that Member States prepare themselves well for these discussions. Member States should also have a unified position on financing issues.