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DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Risque to the President, re stratospheric ozone decision memo, 1p R 6/26/06 NLSF00-013 #86	6/25/87	P1/F1
2. memo	Reagan to the Vice President et al, re negotiations of international protocol, 2p R " " #87	6/25/87	P1/F1
3. memo	Re call from Ronald Reagan to Senator Baker, 1p ~~RALT~~ " " #88	6/26/87	~~P1/F1~~ B6
4. minutes	For DPC 6/18/87 meeting, 3p R " " #89	Nd	P1/F1
5. memo	Risque to the President, re status of stratospheric ozone negotiations, 1p R " " #90	7/23/87	P1/F1

RESTRICTIONS

P-1 National security classified information [(a)(1) of the PRA].
P-2 Relating to appointment to Federal office [(a)(2) of the PRA].
P-3 Release would violate a Federal statute [(a)(3) of the PRA].
P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA].
P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA].
P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA].

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F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

CONFIDENTIAL

MINUTES

DOMESTIC POLICY COUNCIL

June 18, 1987
2:00 p.m.
Cabinet Room

Participants: The President, The Vice President, Messrs. Hodel, J. Baker, Lyng, Bowen, Pierce, Herrington, H. Baker, Thomas, Whitehead, Taft, Burns, Wright, Woods, Bauer, Cribb, Ms. Risque, Messrs. Bledsoe, Donatelli, Fitzwater, Crippen, Sprinkel, Greene, Gray, Ms. Schafer, Messrs. Rona, Smart, Willkie, Ms. Dunlop, Messrs. Galebach, Kuttner, Ms. Faoro.

Stratospheric Ozone

The President asked Secretary Hodel to review the stratospheric ozone issue. Secretary Hodel described negotiations underway for developing an international protocol to protect the stratospheric ozone layer. He said the purpose of the meeting is to permit the President to consider guidance he may wish to give the U.S. delegation. Mr. Thomas presented an overview of problems with depletion of the ozone layer, describing models that have been developed for projecting results of different courses of action. He discussed possible health effects such as increased numbers of skin cancer deaths and cataracts, and other effects on the ecology, agriculture production, and marine life. He outlined the legal and legislative issues involved, and briefly reviewed costs and benefits of various options.

Mr. Thomas described projections from EPA models of a freeze on further emissions of ozone-depleting chemicals by all or some number of countries. He also commented on possible impacts of a reduction of 20%, and an additional 30% reduction from 1986 production levels. Mr. Thomas said that the 1977 Clean Air Act requires him to take action if a reasonable likelihood of damage to the environment from stratospheric ozone depletion is present. He said that in 1978, the U.S. banned aerosols partly out of this concern. EPA is now under a consent decree pending the outcomes of the international negotiations, and Mr. Thomas said Congress and environmental groups will be watching to see if the accord reached is strong enough. He said that EPA supports planned reductions of 50% of 1986 levels over ten years.

Mr. Hodel recapped the ozone depletion problems as described by the various models. Mr. Whitehead said he felt the Council members have agreed on the end results being sought, but that a dispute exists over the means for getting there. He believed the outcome will be be a major victory in reducing destruction of the

ozone layer, and said the negotiators should be left free to get the best possible agreement. Mr. Wright said the President's instructions to the U.S. delegation should be confidential, and treated accordingly. Senator Baker agreed, pointing out that it is important that the President have the benefit of the Council's thinking, but that the discussion should be tightly held while the negotiations are in progress. Messrs. Hodel and Thomas agreed. Mr. Hodel expressed concerns about limited participation in the international negotiations thus far, and about the shortcomings in the models, which in some cases extend to the year 2165. He felt that as a result of these, we must reach agreement on how to address the overall problems. The President asked how convinced we are about the overall problem. Mr. Thomas described the scientific processes that led to our current understanding of potential effects of ozone depletion, including reference to the "hole" in the ozone layer over the Antarctic.

Mr. Hodel reviewed the negotiating issues and options developed by the Council. He recapped questions about participation and entry into force of a protocol, a grace period for lesser developed countries, a system of voting for decisions, and monitoring, reporting and enforcement of the protocol. Mr. Wright said we should avoid permitting lesser developed countries to use this issue against our industries. The President asked what products we would be eliminating. Mr. Thomas described the chemicals, including chlorofluorocarbons (CFCs), that are depleting the ozone layer, and said we would be seeking substitutes that perform the same functions but which do not cause ozone depletion. Mr. Hodel reviewed several issues pertaining to a freeze and future reductions in production of these chemicals. He also described the issue of whether the U.S. should receive credits for its previous actions, such as the banning of aerosols in 1978. Mr. Thomas said the U.S. position had been to seek credits, but because of the directions of world opinion, we have decided to focus on proposing reductions and not to debate who has caused the ozone layer depletion.

Another issue was whether there should be trade provisions in the protocol. Mr. Thomas said restrictions on imports are key to this issue. Mr. Woods felt we should decide trade restrictions on the merits of each case, rather than seek automatic restrictions. Mr. Smart agreed, pointing out that we should seek a flexible response. Discussion ensued about trade problems that might evolve, especially pertaining to development of substitutes. There was general agreement that we should ban imports from countries that do not sign the protocol. Secretary Baker said we must develop competitive substitutes so as to have leverage.

The President asked about producing ozone. Mr. Thomas said there is too much in the lower atmosphere and not enough in the stratosphere. Secretary Lyng said that since the science is not

clear, agricultural scientists think that a freezing of chemicals is okay, but that we should not go too far in agreeing to further reductions. Senator Baker said that while the science is in dispute, there is pressure in Congress for a strong protocol. Mr. Hodel said he hopes we instruct the U.S. delegates to get an agreement that looks good and will work. Mr. Bauer asked about industry reactions. Mr. Hodel said that an alliance of industrial organizations has supported a freeze, and some of the members have supported further reductions. Mr. Whitehead felt that the proposed ten-year reduction period is reasonable.

The President indicated that he would consider the comments of Council members and make his decisions at a later time.

NOTE: Following the meeting, the President communicated his guidance for the U.S. delegation in a classified memorandum to Council members.

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

June 25, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE

SUBJECT: Stratospheric Ozone Decision Memorandum

ISSUE: Communication of your decisions to the U.S. delegation.

BACKGROUND: On June 18, the Domestic Policy Council discussed with you their recommendations on the positions the U.S. delegation should take at the June 29 international negotiations on this issue. These negotiations will produce a draft agreement that the delegation will bring back for final approval prior to the plenipotentiary and signing meetings in Montreal in September 1987. Congress, numerous environmental groups, and other countries will be following closely the U.S. positions and results of these meetings.

DISCUSSION: The decisions you have made should permit the U.S. delegation to reaffirm strong measures for protecting the ozone layer, and should not result in major challenges to our past or current positions. However, Council members feel confidentiality is of vital importance in the final stages of the negotiating process. In this regard, the attached classified memorandum has been prepared for communication of your decisions to the State Department for the U.S. delegation, and the Cabinet principals.

One statement has been added for emphasis -- that you expect the U.S. delegation to seek participation in the protocol of "well above a majority of major producing/consuming countries." This was stimulated by the strong argument that a few countries not joining the protocol can easily spoil the efforts of those that do. Thus, this will stress the importance of the negotiators pursuing maximum participation by other countries. This more clearly defines your decision.

RECOMMENDATION: I recommend that you approve the issuance of the attached memorandum containing your decisions for the U.S. delegation, including the statement emphasizing maximum participation.

_____ APPROVE _____ DISAPPROVE _____ MODIFY

Attachment

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THE WHITE HOUSE

WASHINGTON

June 25, 1987

MEMORANDUM FOR THE VICE PRESIDENT
THE SECRETARY OF STATE
THE SECRETARY OF TREASURY
THE SECRETARY OF DEFENSE
THE ATTORNEY GENERAL
THE SECRETARY OF INTERIOR
THE SECRETARY OF AGRICULTURE
THE SECRETARY OF COMMERCE
THE SECRETARY OF HEALTH AND HUMAN SERVICES
THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT
THE SECRETARY OF ENERGY
THE SECRETARY OF EDUCATION
DIRECTOR, OFFICE OF MANAGEMENT AND BUDGET
U.S. TRADE REPRESENTATIVE
ADMINISTRATOR, ENVIRONMENTAL PROTECTION AGENCY

The negotiation of an international protocol for regulation of chemicals believed capable of future depletion of stratospheric ozone is of great importance in our efforts to adopt sound environmental policies. Pursuant to this, and after considering the extensive work and recommendations of the Domestic Policy Council over the past several months, the following will guide the U.S. delegation in its negotiating activities leading to an international protocol on protection of the ozone layer, which we hope to be able to conclude later this year.

It is important that all nations that produce or use ozone-depleting chemicals participate in efforts to address this problem. The U.S. delegation will attempt, therefore, to ensure that the protocol enters into force only when a substantial proportion of the producing/consuming countries have signed and ratified it. I expect this to be well above a majority of the major producing/consuming countries.

In order to encourage participation by all countries, it is recognized that lesser developed nations should be given a limited grace period, up to the year 2000, to allow some increases in their domestic consumption. And, the U.S. delegation will seek to negotiate a system of voting for protocol decisions that gives due weight to the significant producing and consuming countries.

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To achieve a majority of the health and environmental benefits derived from retention of the ozone layer, and to spur industry to develop substitutes for chemicals in question, the U.S. delegation will seek a freeze at 1986 levels on production/-consumption of all seriously ozone-depleting chemicals, including chloroflurocarbons (CFCs) 11, 12, 113, 114, 115; and Halons 1201 and 1311, to take effect one or two years after the protocol entry into force. The earliest expected date for entry into force is 1988.

The U.S. delegation will also seek strong provisions for monitoring, reporting, and enforcement to secure the best possible compliance with the protocol, but they need not seek a system of credits for emissions reduction resulting from the 1978 U.S. ban of non-essential aerosols.

In addition to a freeze, the U.S. delegation will seek a 20% reduction from 1986 levels of CFCs 11, 12, 113, 114 and 115 four years after entry into force of the protocol, and following a 1990 international review of updated scientific evidence. The 20% reduction should take place automatically, unless reversed by a 2/3 vote of the parties. The U.S. delegation will seek a second-phase CFC reduction of an additional 30% from 1986 levels, which would occur about eight years after entry into force of the protocol, and following scientific review. This would occur automatically, unless reversed by a 2/3 vote of parties.

The U.S. delegation will seek a trade provision in the protocol that will best protect U.S. industry in world markets, by authorizing trade restrictions against CFC-related imports from countries that do not join or comply with the protocol provisions. It is our policy to insure that countries not be able to profit from not participating in the international agreement, and to insure that U.S. industry is not disadvantaged in any way through participation.

It is the U.S. position that the ultimate objective is protecting the ozone layer by eventual elimination of realistic threats from man-made chemicals, and that we support actions determined to be necessary based on regularly scheduled scientific assessments.

THE WHITE HOUSE

WASHINGTON

UNCLASSIFIED WITH A CLASSIFIED ATTACHMENT

June 26, 1987

MEMORANDUM FOR KEN DUBERSTEIN
WILL BALL
GARY BAUER
FRANK CARLUCCI
KEN CRIBB
DAN CRIPPEN
A.B. CULVAHOUSE
RHETT DAWSON
MARLIN FITZWATER
TOM GRISCOM

FROM: NANCY RISQUE

SUBJECT: Stratospheric Ozone

The attached decision memorandum is for your information. The President has approved the issuance of the memorandum containing his decisions for the U.S. delegation.

UNCLASSIFIED WITH A CLASSIFIED ATTACHMENT

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

SENATOR BAKER - RECOMMENDED TELEPHONE CALL
(SECURE)

TO: John Whitehead

DATE: June 26, 1987

PURPOSE: To stress confidentiality of the U.S. negotiating position and to stress importance of maximum participation of CFC producers/consumers in the protocol.

B6

BACKGROUND: [redacted]

TOPICS OF DISCUSSION: The President's decisions and instructions for the delegation are being communicated through classified channels to the State Department and other principals involved in the Council meeting.

The negotiating team should be directed to communicate back through classified channels the results of the June 29 negotiations as well.

Since the final agreements are to be signed in the meetings scheduled for Montreal in September, we'd like to have the opportunity to review the results of the June 29 negotiations.

On another issue, the President has instructed the delegation to ensure that the protocol will not go into effect unless a substantial portion of other producing and consuming countries join in. This should be well above the 50% I understand your negotiators have in their heads now. The argument is a strong one that a few countries that do not join in can spoil all the efforts of those that do. So, our negotiators should do their damndest to get maximum participation by the other large producer and consumer countries.

DATE OF SUBMISSION: June 26, 1987

ACTION: ______________________________

Nancy J. Risque

THE WHITE HOUSE

WASHINGTON

July 2, 1987

MEMORANDUM FOR SENATOR BAKER

FROM: NANCY RISQUE

SUBJECT: Heads Up -- Press Action on Ozone Negotiations

The Wall Street Journal called State this afternoon to get confirmation of a story that they are working on regarding the ozone negotiations. WSJ claims to have the U.S. position as defined by the Canadian negotiator and asked for confirmation of his report. (They had a fairly complete view of our negotiating position but State refused to confirm or comment.)

Our Press Office will confirm that we participated in the negotiations and that we will comment after being briefed by State.

The Washington Post is reportedly also doing an article saying, among other things, that Hodel's position was rejected...

Benedict (State negotiator) is coming to see me Monday.

CONFIDENTIAL

THE WHITE HOUSE

WASHINGTON

July 23, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE

SUBJECT: Status of Stratospheric Ozone Negotiations

Background: On June 25, 1987, you provided instructions to the U.S. delegation negotiating an international protocol for the control of ozone-depleting chemicals, mainly chlorofluorocarbons (CFCs). The head of the U.S. delegation has since met with heads of delegations from some of the other countries, and is now preparing for the final negotiations in Montreal in September.

From the latest meetings, the Chairman of the United Nations Environment Program has drafted a proposed international protocol. This draft protocol includes many, but not all, of the provisions you directed the delegation to seek.

Status: The Chairman's draft protocol text includes these provisions consistent with your instructions: a grace period for developing countries; a voting mechanism for protocol decisions favoring the major consuming countries; a freeze of CFCs at 1986 levels, within one to two years after entry into force; required reporting procedures; regular scientific assessments; CFCs reduction of 20 percent within four years after entry into force and an additional 30 percent within eight or ten years after entry into force; a trade provision; and a provision for future reduction decisions.

The most important provision requiring additional negotiation is the requisite level of international participation for the protocol to enter into force. You instructed the delegation to seek participation by countries responsible for a "substantial majority" of the production/consumption of ozone-depleting chemicals. Specifically, you noted this proportion should be well above a majority of the major producing/consuming countries. The Chairman's text introduces this concept, but with a tentative requirement of ratification by sixty percent of the producing countries. The U.S. delegation will seek to include a provision requiring more than eighty percent of the producing and consuming countries for entry into force. Also, the Chairman's text does not include Halons 1201 and 1311 in the freeze at 1986 levels.

The U.S. delegation is negotiating with individual countries to ensure that the desired participation provisions and a freeze of Halons are included in the final protocol.

THE WHITE HOUSE

WASHINGTON

August 12, 1987

Dear Mr. Rosenthal:

In "Protecting the Ozone Layer" (Op-Ed, August 6, 1987), Michael Oppenheimer and Daniel Dudek suggest the "President's public leadership ... could be vital to clinching the deal to save the ozone layer." They also note correctly that the final ozone agreement is due to be signed this September "with critical details still undecided, the delicate consensus could easily evaporate." Why then would they have the President proclaim publicly his negotiating strategy, polarize the debate and leave his State Department negotiators without any latitude?

Everyone acquainted with the ozone issue recognizes that ozone protection can only come from global efforts. The point of the negotiations is not to win the hearts and minds of the public in countries that produce and consume ozone depleting chemicals, but rather is to achieve the best international agreement. The Reagan Administration has publicly called for a strong and effective international agreement to protect the ozone layer. And the President has personally instructed his negotiators on the details of a negotiating strategy toward such an agreement.

Finally, I was most disappointed to see Oppenheimer and Dudek perpetuate a falsehood regarding Interior Secretary Donald Hodel's views on ozone protection. Unlike anyone who has written about "sunglasses and hats" to date, I attended the meeting where Secretary Hodel purportedly embraced such measures. That was not his position.

Sincerely,

Nancy J. Risque

Nancy J. Risqué
Assistant to the President
and Cabinet Secretary

Mr. Jack Rosenthal
Editorial Page Editor
New York Times
229 West 43rd Street
New York, New York 10036

New York Times, Thursday, August 6, 1987

Protecting the Ozone Layer

By Michael Oppenheimer and Daniel J. Dudek

After a third bout with skin cancer, President Reagan's nose, as he noted, is a "billboard" warning against excessive exposure to the sun. Something else he should loudly proclaim is, "Protect the ozone layer." The message could be vital to cementing an international agreement to stop ozone depletion, which threatens to vastly increase already high levels of skin cancers — some of which, unlike Mr. Reagan's, will be fatal.

Michael Oppenheimer is a senior scientist, and Daniel J. Dudek is senior economist, with the Environmental Defense Fund.

The stratosphere's ozone layer, the first line of defense against the sun's ultraviolet rays, is beginning to thin because of industrial gases. Sun screens and protective clothing are important weapons in combating rising rates of skin cancer.

But Donald Hodel, the Interior Secretary, took this notion to an extreme two months ago when he recommended their use in lieu of regulations to protect the ozone layer. The suggestion, akin to issuing gas masks to mitigate air pollution, met with appropriate derision. But the Administration has never renounced Mr. Hodel's logic.

Scientists have known for more than a decade that industrial chemicals called chlorofluorocarbons are responsible for the damage to the ozone layer. Chlorofluorocarbons are widely used in refrigerators, air conditioners, plastics manufacturing, aerosols and as solvents.

Substitute chemicals or processes are readily available — or could be, with a nudge from governments. But international negotiations to solve the problem languished until an ozone hole was discovered over Antarctica.

With recent findings pointing at chlorofluorocarbons as the likely culprit, about two dozen nations have moved rapidly toward an accord that would sharply reduce production of these chemicals over the next decade. In fact, negotiators moved to the brink of agreement at a bargaining session in Geneva last April, before Mr. Hodel entered the fray.

A final protocol is due to be signed at a September meeting in Montreal, and with critical details still undecided, the delicate consensus could easily evaporate.

The President's public leadership, sharpened by his personal medical history, could be vital to clinching the deal to save the ozone layer.

THE WHITE HOUSE

WASHINGTON

December 22, 1987

Concur 12/22

MEMORANDUM FOR NANCY J. RISQUE

THRU: RALPH C. BLEDSOE

FROM: ROBERT E. JOHNSON

SUBJECT: DPC Consideration of a NOx Protocol During 1988

An interagency working group has been working over the last year to guide the U.S. participation in ongoing negotiations for a NOx protocol under the 1979 Convention on Long-Range Transboundary Air Pollution. A Circular 175 issued last February authorizes U.S. participation in these negotiations. A protocol could be concluded and signed as early as the Fall of 1988.

The State Department has informally requested that the DPC review the current draft protocol to assist in formulating a U.S. position (based on Presidential instructions, if deemed necessary). An updated Circular 175 would authorize the U.S. delegation to conclude the negotiations and sign the protocol.

There are three issues which are likely to elicit debate among the agencies. These issues are:

- A proposal to commit to not exceeding 1978 NOx emission levels by 1996. Current emission projections place 1996 NOx emissions a little below 1978 levels.

- A proposal to commit to discussions designed to establish a "critical load" approach to NOx controls. The idea is to base controls not on emissions, but on measured deposition levels in "sensitive areas."

- A proposal to obligate countries to implement "best available technologies" under their NOx control programs.

The State Department desires interagency approval on a U.S. negotiating position before the next round of the NOx protocol discussions scheduled to begin on February 16th. While the three issues listed above may cause interagency debate, my sensing is that the issues will not be "non-starters."

Bill Nitze has asked that the ENRE Working Group consider this issue within the next three weeks to allow him time to begin bilateral discussions with other negotiating parties prior to the February meeting. I recommend that the Working Group convene to review the State Department's request and then decide whether the ✓ issue merits DPC attention.

fyi from Bob Johnson 1/29

AIR/WATER pollution report

Weekly Report on Environmental Protection

Vol. 26 No. 3 January 18, 1988 Page 21

SLANTS & TRENDS

THE BEST ACT FOR LAST: 1988 may be the best of President Reagan's eight years in the White House, Howard Baker, Reagan's chief of staff, told the Chemical Manufacturers Association in Washington, D.C., last week. The president's former profession, Baker noted, taught him to save the best act for last. If the former Tennessee senator's prediction is accurate, Reagan's final agenda will include, among other things, "a well-fleshed-out environmental program," complete with a "desirable" budget for the Enviromental Protection Agency that Baker said Congress probably will accept. During his tenure, Reagan has been successful in getting Congress to hold spending levels down. White House officials, Baker said, have been meeting with the White House Domestic Policy Council to set up an environmental program that will be presented to Congress when it reconvenes later this month. Baker did not discuss the details of the administration's proposed environmental program, but said there will be "good interface on environmental issues" after legislators return.

ACID RAIN ACT 1: Negotiations between the United States and Canada to curb acid rain, a particularly bothersome problem for Canada, have begun, Baker said. Secretary of State George Schultz and Canada's External Affairs Minister, Joe Clark, met on Jan. 11 in Canada to discuss the issue, but nothing was resolved at that meeting, said an informed Canadian source. The meeting was requested by Canadian Prime Minister Brian Mulroney, in a letter to Reagan. In the letter, Mulroney complained of the slow progress that the U.S. is making in working with Canada to solve the acid rain problem. The issue has been a sticking point between the two countries for several years. The Reagan administration pledged last year to spend $2.5 billion over the next five years to reduce industrial emissions that cause acid rain and to develop new clean coal technologies.

* * *

A TOP INDUSTRIAL EXECUTIVE, meanwhile, said that he sees an improvement in industry's efforts to protect the environment. Industry is "on the threshold of [implementing] what needs to be done," Phillip Masciantonio, vice president of environmental affairs of USX (formerly U.S. Steel), told the Conservation Round Table in Washington, D.C., recently. "Economic development and the environment can work hand in hand," he said, noting that industry is becoming more receptive to working with environmental interests. "We can't continue to be negative. We need to talk positively about what we can do."

WHILE THE '80s HAVE BROUGHT a better understanding between industry and the environmental community, he added, "We haven't realized the kind of improvement we had hoped for." Industry needs to play a greater role, he said, noting that more executives appear willing to talk about environmental problems than in the past, and to communicate what industry can do to protect the environment. Masciantonio chairs the National Wildlife Federation's Corporate Conservation Council.

Publisher: Leonard A. Eiserer
Editor: Donna Engelgau
Chief Correspondent: Bruce Detlefsen
Reporter: Bryan Lee

Air/Water Pollution Report (ISSN 0002-2608), published weekly. Includes Air and Water News. Subscription rate: $395 per year plus first-class postage. Subscribers in U.S., Canada and Mexico, add $11; subscribers in all other countries, add $47. Six-month and multiple-year rates available on request.

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THE WHITE HOUSE

WASHINGTON

February 3, 1988

MEMORANDUM FOR SENATOR BAKER

FROM: NANCY J. RISQUE

SUBJECT: Stratospheric Ozone Protocol Update

On September 16, 1987 the United States, Japan, and 22 other nations (including the nations of the EEC) signed the protocol. The protocol provides that it will enter into force on January 1, 1989, if by that time it has been ratified by at least eleven nations representing at least two-thirds of 1986 estimated global consumption of the controlled substances (CFCs and halons).

Since last September, six additional signatories have been added to the protocol. Two of these account for two-thirds of the Soviet representation within the U.N. framework (the U.S.S.R. and Byelorussian S.S.R.). They signed December 29, 1987. The Ukranian S.S.R. has not signed the protocol to date, although it is highly likely they will sign -- given that the two other republics have already signed.

3/15/88

CFC STATEMENT

Today marks an important milestone for the future quality of the global environment and for the health and well-being of all people of the world. I commend the Senate for its prompt advice and consent to ratification of the "Montreal Protocol on Substances That Deplete The Ozone Layer."

(Unanimous) Senate approval of the protocol stands as a clear statement by the United States that the world community must take decisive action to assure that the stratospheric ozone layer is protected from the damaging effects of chlorofluorocarbons and halons. Today's vote demonstrates our willingness to continue our leadership role in this vital undertaking.

The Montreal Protocol is one of the most important international environmental agreements in history. It provides for internationally coordinated control of ozone depleting substances in order to protect a vital global resource. The Protocol requires parties to reduce production and consumption of major ozone depleting chlorofluorocarbons by fifty percent by 1998. This will spur the development and use of safer substances. Recognizing the needs of developing countries, the Protocol allows them a grace period before implementing reductions. The Protocol also establishes an on-going process for review of new scientific data and of technical and economic developments. A mechanism for adjustment of the Protocol is established to allow for changes based upon the review process.

Broad participation in the Protocol by nations throughout the world is vital to the effective protection of the ozone layer. The Montreal Protocol provides incentives for countries to join the agreement. It restricts imports of the controlled substances from countries that do not join. This will encourage countries to join, and prevent those that do not join from competing unfairly with those who shoulder their share of the responsibility of protecting the ozone layer.

The Montreal Protocol is a model of cooperation. It is a product of recognition within the world community that the problem of ozone depletion is global, both in terms of its causes and its effects. The Protocol is the result of an extraordinary process of scientific study, negotiations among representatives of the business and environmental communities, and international diplomacy. It is a monumental achievement.

RCB "fyi"

Toronto Globe & Mail

January 14, 1988

REPORT ON BUSINESS

Business seeks ways to conform to ozone-protecting regulations

BY COLIN MacKENZIE
Globe and Mail Correspondent

WASHINGTON

The struggle to reduce emissions of ozone-eating chloroflurocarbons (CFCs) is moving from the political arena to the world of business.

The political effort culminated in a 24-nation treaty signed in Montreal last September, and the wooing of industry took a big step yesterday as a conference opened here.

"I would like to wish you good luck in earning large profits in protecting stratospheric ozone," Stephen Andersen, a senior economist with the U.S. Environmental Protection Agency, told about 600 people at a conference devoted to finding substitutes for CFCs and halon gasses.

CFCs are a family of chemical compounds used as refigerants, insulation, solvents and aerosols. Halons are gasses used in fire-prevention systems, particulary in computer and military applications.

The problem is that both substances, when released into the atmosphere, float about 30 kilometres up into the stratosphere, where they break down. The free chlorine atoms then eat ozone molecules much like a Pac-Man eats through a video game.

The upper ozone layer screens the earth from ultraviolet radiation from the sun.

In the absence of the Montreal accord, which limits CFC production and use, the EPA predicted there would be 153 million additional cases of skin cancer between now and 2075 in white people. With the limits, the EPA estimated, there will be 9.5 million additional cases. Deaths would be 3.2 million without the agreement and 142,000 with the accord, according to the estimates.

CFCs are also thought to be a major contributor to the "greenhouse effect," the process by which the planet's climate is being warmed as a result of pollution.

One of the problems with CFCs is their persistence in the atmosphere. Each chlorine molecule can destroy 10,000 to 100,000 ozone molecules in the 100 years they are estimated to persist before breaking down.

Over the past decade, there has been such a frightening depletion of the ozone layer — particularly over Antarctica where atmospheric ice crystals hasten the process in spring — that the Montreal agreement was reached quickly.

Although it calls for CFC production to be cut in half, various exemptions and exclusions mean the Montreal accord represents a freeze in the level of production and consumption.

For industry, that represents a major limitation and the adjustments are likely to be wrenching.

Proposed U.S. regulations are tough on those who break the quota system through which the EPA plans to enforce compliance. Fines of $25,000 (U.S.) a day for each kilogram in excess CFC production or use are contained in draft legislation.

Canada has not gone as far in its drafting process, according to Vic Buxton, Environment Canada's chemical control chief. But it is unlikely to use the U.S. quota system, he said, preferring to encourage recycling and alternative uses.

As well, certain "frivolous" CFC uses are likely to be banned.

An Amherstburg, Ont., plant of Allied Canada Inc. of Mississauga and a Maitland, Ont., plant of Du Pont Canada Inc., also of Mississauga, are the only Canadian manufacturers of CFCs. Those plants produced about 2,000 metric tons of CFCs in 1986, about 2.5 per cent of global production.

The three-day conference, which is sponsored by the EPA, the Conservation Foundation, a U.S. environmental research group, and Environment Canada, is intended to disseminate technologies and information about how to reduce emissions of CFC and halons.

One sign of how timely the ozone issue is for U.S. business is that about 150 more people turned up than were expected.

"Industry must see and use CFCs and halons as national treasures," said Billy Tullos, business manager of Great Lakes Chemical Corp. of West Lafayette, Ind. "We are told they last 100 years in the atmosphere. Well we should be using them at least that long."

Most of the sessions at the conference are workshops involving a specific application of CFCs.

For instance, the rigid insulating foam workshop will hold five sessions to discuss how to replace CFCs in their products. Various fast-food chains in the United States and Canada have said they will stop using foam boxes that contribute to the CFC problem.

In the area of solvents, where CFCs are used to clean circuit boards and other electronic equipment, a Florida company announced a CFC-free compound that could replace the 18 per cent of U.S. consumption that goes to that area. (In Canada, only 8 per cent of CFCs are used as solvents.)

Many environmental groups are skeptical about the Montreal accord and argue that CFC restrictions should be tougher. But one scientist did not agree.

"Considering the data we've provided them, I think the politicians have gone as far as they're going to. Politicians have to be pragmatic," said Robert Watson, head of the U.S. National Aeronautics and Space Administration's Atmospheric Research Program.

Mr. Watson, probably the foremost expert on ozone depletion in Antarctica, said it will take three centuries for the ozone layer over Antarctica to recover.

He warned that the implications of that extra ultraviolet radiation on the plankton and krill of the rich southern ocean fish feeding grounds is still unknown.

Also unkown is whether the Arctic has an ozone "hole" similar to that found in Antarctica. Scientists know that the same conditions don't exist for as long a time in the north, but Mr. Watson said even ozone losses at 20 per cent of the levels found in the south would be worrying.

Three teams of scientists from the United States and Scandinavia are testing for ozone in the North this winter.

Nancy:

Environmental section is tabbed. I have given a copy to Bill Maroni and Allan Tracy.

Bob J.

June 21, 1988

TORONTO ECONOMIC SUMMIT

Economic Declaration

1. We, the Heads of State or Government of seven major industrial nations and the President of the Commission of the European Communities, have met in Toronto for the fourteenth annual Economic Summit. We have drawn lessons from the past and looked ahead to the future.

2. Over the past fourteen years, the world economy and economic policy have undergone profound changes. In particular, the information-technology revolution and the globalization of markets have increased economic interdependence, making it essential that governments consider fully the international dimensions of their deliberations.

3. We observed a sharp contrast between the 1970s and 1980s. The former was a decade of high and rising inflation, declining productivity growth, policies dominated by short-term considerations, and frequently inadequate international policy cooperation. In the 1980s inflation has been brought under control, laying the basis for sustained strong growth and improved productivity. The result has been the longest period of economic growth in post-war history. However, the 1980s have seen the emergence of large external imbalances in the major industrial economies, greater exchange rate volatility, and debt-servicing difficulties in a number of developing countries. Our response to these developments has been an increased commitment to international cooperation, resulting in the intensified process of policy coordination adopted at the 1986 Tokyo Summit and further strengthened at the Venice Summit and in the Group of Seven.

4. Summits have proven an effective forum to address the issues facing the world economy, promote new ideas and develop a common sense of purpose. Especially in the 1980s they have helped bring about an increasing recognition that the eradication of inflation and of inflationary expectations is fundamental to sustained growth and job creation. That recognition has been underpinned by a shift from short-term considerations to a medium-term framework for the development and implementation of economic policies, and a commitment to improve efficiency and adaptability through greater reliance on competitive forces and structural reform. Over this period we have also singled out for concerted attention a number of other issues of decisive importance: the overriding need to resist protectionism and strengthen the open, multilateral trading system; to maintain and strengthen an effective strategy to address the challenge of development and alleviate the burden of debt; and to deal with the serious nature of the world agricultural problem.

5. Since we last met, our economies have kept up the momentum of growth. Employment has continued to expand generally, inflation has been restrained, and progress has been made toward the correction of major external imbalances. These encouraging developments are cause for optimism, but not for complacency. To sustain non-inflationary growth will require a commitment to enhanced cooperation. This is the key to credibility and confidence.

INTERNATIONAL ECONOMIC POLICY COOPERATION

Macroeconomic Policies and Exchange Rates

6. The Tokyo and Venice Summits have developed and strengthened the process of coordination of our economic policies. Developments in the wake of the financial strains last October demonstrate the effectiveness and resilience of the arrangements that have emerged. The policies, the short-term prospects, and the medium-term objectives and projections of our economies are being discussed regularly in the Group of Seven. The policies and performance are assessed on the basis of economic indicators. We welcome the progress made in refining the analytical use of indicators, as well as the addition to the existing indicators of a commodity-price indicator. The progress in coordination is contributing to the process of further improving the functioning of the international monetary system.

7. Fiscal, monetary and structural policies have been undertaken to foster the adjustment to more sustainable economic and financial positions in the context of non-inflationary growth. Efforts in those directions, including continued reduction of budgetary deficits, will continue. We need to maintain vigilance against any resurgence of inflation. We reaffirm our determination to follow and, wherever feasible, strengthen our agreed strategy of coordinated efforts to reduce the growth of spending in countries with large external deficits and to sustain the momentum of domestic demand in those with large external surpluses. The reduction of large external imbalances, however, will require not only our cooperative efforts, but also those of smaller economies, including newly industrializing economies, with large external surpluses.

8. The exchange rate changes in the past three years, especially the depreciation of the U.S. dollar against the Japanese yen and the major European currencies, have played a major role in the adjustment of real trade balances. We endorse the Group of Seven's conclusion that either excessive fluctuation of exchange rates, a further decline of the dollar, or a rise in the dollar to an extent that becomes destabilizing to the adjustment process, could be counterproductive by damaging growth prospects in the world economy.

Structural Reforms

9. International cooperation involves more than coordination of macroeconomic policies. Structural reforms complement macroeconomic policies, enhance their effectiveness, and provide the basis for more robust growth. We shall collectively review our progress on structural reforms and shall strive to integrate structural policies into our economic coordination process.

10. We will continue to pursue structural reforms by removing barriers, unnecessary controls and regulations; increasing competition, while mitigating adverse effects on social groups or regions; removing disincentives to work, save, and invest, such as through tax reform; and by improving education and training. The specific priorities that each of us has identified are outlined in the attached Annex on Structural Reforms.

11. We welcome the further development of the OECD's surveillance of structural reforms. Such surveillance would be particularly useful in improving public understanding of the reforms by revealing their impact on government budgets, consumer prices, and international trade.

12. One of the major structural problems in both developed and developing countries is in the field of agricultural policies. It is essential that recent significant policy reform efforts undertaken by a number of parties be continued through further positive action by all Summit participants. More market-oriented agricultural policies should assist in the achievement of important objectives such as preserving rural areas and family farming, raising quality standards and protecting the environment. We welcome the OECD's increased emphasis on structural adjustment and development in the rural economy.

13. Financial and technological innovations are rapidly integrating financial markets internationally, contributing to a better allocation of capital but also increasing the speed and extent to which disturbances in one country may be transmitted to other countries. We will continue to cooperate with other countries in the examination of the functioning of the global financial system, including securities markets.

MULTILATERAL TRADING SYSTEM/URUGUAY ROUND

14. A successful Uruguay Round will assure the integrity of an open, predictable multilateral trading system based on clear rules and will lead to trade expansion and enhanced economic growth. At Punta del Este, Ministers committed themselves to further trade liberalization across the wide range of goods and services, including such new areas as trade-related intellectual property and trade-related investment measures, to strengthen the multilateral trading system, and to allow for early agreement where appropriate. Countries must continue to resist protectionism and the temptation to

adopt unilateral measures outside the framework of GATT rules and to allow for early agreements where appropriate. In order to preserve a favourable negotiating climate, the participants should conscientiously implement the commitments to standstill and rollback that they have taken at Punta del Este and subsequent international meetings.

15. We strongly welcome the Free Trade Agreement between Canada and the USA, and the steady progress towards the target of the European Community to complete the internal market by 1992. It is our policy that these developments, together with other moves towards regional cooperation in which our countries are involved, should support the open, multilateral trading system and catalyze the liberalizing impact of the Uruguay Round.

16. We attach major importance to strengthening the GATT itself. It is vital that the GATT become a more dynamic and effective organization, particularly in regard to the surveillance of trade policies and dispute settlement procedures, with greater Ministerial involvement, and strengthened linkages with other international organizations. GATT disciplines must be improved so that members accept their obligations and ensure that disputes are resolved speedily, effectively and equitably.

17. Trade plays a key role in development. We encourage the developing countries, especially the newly industrializing economies, to undertake increased commitments and obligations and a greater role in the GATT, commensurate with their importance in international trade and in the international adjustment process, as well as with their respective stages of development. Equally, developed countries should continue to strive to ensure more open markets for the exports of developing countries.

18. In agriculture, continued political impetus is essential to underpin the politically difficult efforts at domestic policy reform and to advance the equally difficult and related process of agricultural trade reform. Although significant progress was made in 1987 in the Uruguay Round negotiations, with the tabling of major proposals, it is necessary to ensure that the Mid-Term Review in Montreal in December, 1988 adds impetus to the negotiations in this as in other fields. We support efforts to adopt a framework approach, including short as well as long-term elements which will promote the reform process as launched last year and relieve current strains in agricultural markets. This would be facilitated by a device for the measurement of support and protection. Also, ways should be developed to take account of food security and social concerns. To move the issue forward, and noting among other things the diversity of our agricultural situations, our negotiators in Geneva must develop a framework approach which includes short-term options in line with long-term goals concerning the reduction of all direct and indirect subsidies and other measures affecting directly or indirectly agricultural trade. The objective of the framework approach would be to make the agricultural sector more responsive to market signals.

19. As the Uruguay Round enters a more difficult phase, it is vital to ensure the momentum of these ambitious negotiations. The Mid-Term Review will provide a unique opportunity to send a credible political signal to the trading world. The greatest possible advance must be made in all areas of the negotiations, including, where appropriate, decisions, so as to reach before the end of the year the stage where tangible progress can be registered. To this end, we support efforts to adopt a framework approach on all issues in the negotiations, i.e. reform of the GATT system and rules, market access, agriculture and new issues (such as trade in services, trade-related intellectual property rights, and trade-related investment measures). For our part, we are committed to ensure that the Mid-Term Review establishes a solid base for the full and complete success of the negotiations, in accordance with the Punta del Este Declaration.

20. We all recognize the critical and expanding role of international investment in the world economy and share a deep concern that increased protectionism would undermine the benefits of open investment policies. We resolve to progressively liberalize international investment policies and urge other countries to do likewise.

NEWLY INDUSTRIALIZING ECONOMIES

21. Certain newly-industrializing economies (NIEs) in the Asia-Pacific region have become increasingly important in world trade. Although these economies differ in many important respects, they are all characterized by dynamic, export-led growth which has allowed them to treble their share of world trade since 1960. Other outward-oriented Asian countries are also beginning to emerge as rapidly-growing exporters of manufactures. With increased economic importance come greater international responsibilities and a strong mutual interest in improved constructive dialogue and cooperative efforts in the near term between the industrialized countries and the Asian NIEs, as well as the other outward-oriented countries in the region. The dialogue and cooperative efforts could centre on such policy areas as macroeconomic, currency, structural and trade to achieve the international adjustment necessary for sustained, balanced growth of the world economy. We encourage the development of informal processes which would facilitate multilateral discussions of issues of mutual concern and foster the necessary cooperation.

DEVELOPING COUNTRIES AND DEBT

22. The performance of developing countries is increasingly important to the world economy. Central to the prospects of the developing countries are a healthy global economic environment and an open trading system, adequate financial flows and, most important, their commitment to appropriate economic reform. The problems of many heavily-indebted developing countries are a cause of economic and political concern and can be a threat to political stability in developing countries. Several countries find themselves in that situation in various regions of the world: Latin America, Africa and the Pacific, particularly the Philippines, and that merits our special attention.

Middle-Income Countries

23. A number of highly-indebted middle-income countries continue to have difficulties servicing their external debt and generating the investment necessary for sustainable growth. The market-oriented, growth-led strategy based on the case-by-case approach remains the only viable approach for overcoming their external debt problems.

24. We are encouraged that many indebted countries have begun the difficult process of macroeconomic adjustment and structural reform necessary for sustained progress, encouraging the return of flight capital and new investment flows. The success of these efforts is essential for improving the economic performance and strengthening the creditworthiness of these countries.

25. Official financing has played a central role in the debt strategy through the Paris Club (US $73 billion of principal and interest have been consolidated since 1983) and the flexible policies of export credit agencies. The international financial institutions will continue to have a pivotal role. We endorse the recent initiatives taken by the International Monetary Fund to strengthen its capacity to support medium-term programs of macroeconomic adjustment and structural reform and to provide greater protection for adjustment programs from unforeseen external developments. We strongly support the full implementation of the World Bank's US $75 billion General Capital Increase to strengthen its capacity to promote adjustment in middle-income countries. We also support greater awareness by international financial institutions of the environmental impact of their development programs.

26. Commercial banks have played an important role in supporting debtor countries' reform efforts through an expanded menu of financing options which has facilitated the channelling of commercial bank lending into productive uses. Their continued involvement is indispensable to the debt strategy. In this regard, the World Bank and IMF can play an important catalytic role in mobilizing additional financing from private (and official) sources in support of debtor countries' adjustment programs.

27. We note that in recent years there has been increasing recourse to innovative financing techniques. The important characteristics of these techniques are that they are voluntary, market-oriented, and applied on a case-by-case basis. The "menu approach" has engendered new financial flows and, in some cases, reduced the existing stock of debt. The flexibility of the present strategy would be enhanced by the further broadening of the menu approach and the encouragement of innovative financing techniques to improve the quality of new lending, but particular initiatives would have to be carefully considered.

28. International direct investment plays an important role in spurring economic growth and structural adjustment in developing countries. Thus it contributes to alleviating debt problems. Developing countries should welcome and encourage such investment by creating a favourable investment climate.

Debt of the Poorest

29. An increase in concessional resource flows is necessary to help the poorest developing countries resume sustained growth, especially in cases where it is extremely difficult for them to service their debts. Since Venice, progress in dealing with the debt burden of these countries has been encouraging. Paris Club creditors are rescheduling debt at extended grace and repayment periods. In addition, the recent enhancement of the IMF's Structural Adjustment Facility; the World Bank and Official Development Assistance (ODA) agencies' enhanced program of co-financing; and the fifth replenishment of the African Development Fund will mobilize a total of more than US $18 billion in favour of the poorest and most indebted countries undertaking adjustment efforts over the period 1988/90. Out of this total, US $15 billion will be channelled to sub-Saharan African countries.

30. We welcome proposals made by several of us to ease further the debt service burdens of the poorest countries that are undertaking internationally-approved adjustment programs. We have achieved consensus on rescheduling official debt of these countries within a framework of comparability that allows official creditors to choose among concessional interest rates usually on shorter maturities, longer repayment periods at commercial rates, partial write-offs of debt service obligations during the consolidation period, or a combination of these options. This approach allows official creditors to choose options consistent with their legal or budgetary constraints. The Paris Club has been urged to work out necessary technicalities to ensure comparability by the end of this year at the very latest. This approach will provide benefits over and above the impressive multilateral agreements to help the poorest countries over the past year. We also welcome the action taken by a number of creditor governments to write-off or otherwise remove the burden of ODA loans, and also urge countries to maintain a high grant element in their future assistance to the poorest.

ENVIRONMENT

31. We agree that the protection and enhancement of the environment is essential. The report of the World Commission on Environment and Development has stressed that environmental considerations must be integrated into all areas of economic policy-making if the globe is to continue to support humankind. We endorse the concept of sustainable development.

32. Threats to the environment recognize no boundaries. Their urgent nature requires strengthened international cooperation among all countries. Significant progress has been achieved in a number of environmental areas. The Montreal Protocol on Substances that Deplete the Ozone Layer is a milestone. All countries are encouraged to sign and ratify it.

33. Further action is needed. Global climate change, air, sea and fresh water pollution, acid rain, hazardous substances, deforestation, and endangered species require priority attention. It is, therefore, timely that negotiations on a protocol on emissions of nitrogen oxides within the framework of the Geneva Convention on Long-range Transboundary Air Pollution be pursued energetically. The efforts of the United Nations Environment Program (UNEP) for an agreement on the transfrontier shipment of hazardous wastes should also be encouraged as well as the establishment of an inter-governmental panel on global climate change under the auspices of UNEP and the World Meteorological Organization (WMO). We also recognize the potential impact of agriculture on the environment, whether negative through over-intensive use of resources or positive in preventing desertification. We welcome the Conference on the Changing Atmosphere to be held in Toronto next week.

FUTURE SUMMITS

34. We, the Heads of State or Government, and the representatives of the European Community, believe that the Economic Summits have strengthened the ties of solidarity, both political and economic, that exist between our countries and that thereby they have helped to sustain the values of democracy that underlie our economic and political systems. Our annual meetings have provided the principal opportunity each year for the governments of the major industrialized countries to reflect, in an informal and flexible manner, upon their common responsibility for the progress of the world economy and to resolve how that responsibility should have practical manifestation in the years ahead. We believe that the mutual understanding engendered in our meetings has benefitted both our own countries and the wider world community. We believe, too, that the opportunities afforded by our meetings are becoming even more valuable in today's world of increasing interdependence and increasing technological change. We have therefore agreed to institute a further cycle of Summits by accepting the invitation of the President of the French Republic to meet in France, July 14-16, 1989.

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OTHER ISSUES

HUMAN FRONTIER SCIENCE PROGRAM

1. We note the successful conclusion of Japan's feasibility study on the Human Frontier Science Program and are grateful for the opportunities our scientists were given to contribute to the study. We look forward to the Japanese Government's proposal for the implementation of the program in the near future.

BIOETHICS

2. We note that, as part of the continuing review of the ethical implications of developments in the life sciences, the Italian Government hosted the fifth conference on bioethics in April 1988, and we welcome the intention of the European Communities to host the sixth conference in the spring of 1989.

ANNEX ON STRUCTURAL REFORMS

- Europe is pursuing structural reforms to complement macroeconomic policies in order to spur job creation, enhance growth potential, and achieve a sustainable pattern of external balances. Structural reform measures are being put into place in the framework of the Communities' program for a unified internal market by 1992; including full liberalization of capital movements; removal of physical, administrative and technical barriers to allow the full mobility of persons, goods and services and an improvement of competition policy. However, full achievement will depend on complete and timely implementation of the measures and on complementary policies including those in the fields of regional, social and environmental policies and of technological co-operation.

- The main elements of Germany's structural reforms are tax reform and reduction, deregulation and privatization, reform of the postal and telecommunications system, increased flexibility in the labour market, and reform of the social security system.

- In France, the main structural reforms will deal with improving the level of education and professional training and development for workers, and with major improvements in the functioning of financial markets in order to facilitate the financing of the economy at the lowest possible cost.

- Italy will seek to promote training and education, increase the flexibility of the labour market to spur employment, improve the functioning of financial markets, revise the tax system to promote efficiency and eliminate distortions, and enhance public sector efficiency.

- In the United Kingdom, there has already been a substantial program of tax reform, trade union law reform, deregulation, opening up of markets and privatization of state industries. This will continue. Further measures are being introduced to improve both the quality of education and the flexibility of the housing market.

- Japan will pursue further structural reforms to support and sustain the greater reliance on domestic demand-led growth which has quickened remarkably. Japan will promote reform of government regulations in key sectors including land use policies and the distribution system, and reform of the tax system.

- For the United States, where recent indications that the declining trend in private savings may have bottomed out are encouraging, it is nonetheless a priority to increase incentives to save. Also the United States will strengthen the international competitiveness of its industrial sector.

- The most promising areas of structural reform in Canada are implementation of the second stage of tax reform, the proposed liberalization of the financial services sector, and, most important, the implementation of the Free Trade Agreement with the United States.

THE WHITE HOUSE
WASHINGTON

1/13/88

Nancy:

Attached is a copy of a paper from State asking to brief the Energy, Natural Resources and Environment Working Group on their NOx international negotiations. This is a potential DPC issue, very much like the Stratospheric Ozone issue.

I'll discuss this in more detail with you.

Ralph

United States Department of State

Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs

Washington, D.C. 20520

January 12, 1988

MEMORANDUM

TO: Ralph E. Bledsoe
Domestic Policy Council
The White House

FROM: Richard J. Smith, Acting

SUBJECT: Proposed ENRE Working Group Briefing on ECE NO_x Protocol Negotiations

As you know, the Department of State and other concerned agencies are negotiating a protocol on emissions of nitrogen oxides (NO_x) to the 1979 Convention on Long-Range Transboundary Air Pollution (LRTAP). A moderate protocol that conforms to U.S. interests and is consistent with existing Circular 175 authority now appears to be achievable. Given the passage of time and intervening developments, I believe it would be appropriate to obtain preliminary interagency clearance at the ENRE Working Group level on more specific terms of reference before negotiating a compromise text (authority to sign the final text would be obtained later). To this end, I propose that the principal U.S. negotiator, Deputy Assistant Secretary of State William Nitze, brief the Working Group on where we now stand in the negotiations and on the compromises that we and the other parties to the negotiation will have to accept if the key concerns of all parties are to be accommodated.

If you agree, I request 30 minutes be provided on an early Working Group agenda for a NO_x briefing and discussion. The attached status report on the negotiations -- reviewed by concerned agencies at the working level -- could be distributed in advance to facilitate discussion.

Attachment:

As stated.

Negotiations for a NOx Protocol:

A Status Report

The United States is engaged in negotiating a protocol on emissions of nitrogen oxides (NO_x) to the 1979 Convention on Long-Range Transboundary Air Pollution (LRTAP). The purposes of this paper are to: 1) describe the background and current status of negotiations, and 2) propose for discussion options for advancing the negotiations.

Summary of Proposed U.S. Positions

1. The Freeze. Propose a freeze which would obligate Parties to choose when ratifying the protocol to either:

   (a) control NO_x emissions so that in any year from the date of entry into force to 2001, its annual average for the years 1986 through that year should not exceed the level for 1986, or any specified previous year; or

   (b) Keep their annual emissions for each year starting with 1996 and ending with 2001 below their level for 1986, or any previous specified year. The freeze would terminate at the end of 2001 and be replaced, if possible and necessary, by obligations based on further technological and scientific developments.

The U.S. would receive partial credit for earlier emission control actions by using 1978 as our base year and averaging emissions levels between 1986 and 2001 under option (a).

2. Best Available Technology for New Sources. Insist on an obligation to employ BAT economically feasible for new sources, independent of other obligations in the protocol. This is the surest way to achieve emission reductions in the long-run and to achieve real parity among countries in their environmental obligations.

3. Existing Sources. Support the gradual introduction of controls on existing sources as long as (a) plant characteristics such as age can be taken into account, and (b) no arbitary limits are placed on when and for which facilities controls are introduced. For the U.S., this would apply only to major sources subject to NSPS and constructed or modified in a major way after 1975.

4. Critical Loads and Renegotiation of Control Obligations. Support an obligation to develop an improved scientific basis (e.g., critical loads) with a view to possible renegotiation of control obligations in a few years.

5. Technology Exchange. Insist on the U.S. phrase "consistent with their national laws regulations and practices." Accept the USSR language to "support initiatives for the development and implementation of procedures ensuring fulfillment of this article." Oppose the Polish proposal for exchange "on favorable conditions."

Background

The United States is a Contracting Party to the LRTAP Convention. To date, the only major follow-up to the Convention is a protocol committing Parties to the protocol to reduce by 1993 their SO_2 emissions or transboundary fluxes by at least 30 percent from 1980 levels. Eighteen countries are parties to the protocol which entered into force on September 2, 1987; the U.S. is not a party.

In 1985, the Executive Body (EB) to the Convention established a Working Group on NO_X to prepare the necessary scientific basis for appropriate measures aimed at the reduction of NO_X emissions. In 1986, after three meetings of the Working Group, the EB expanded the mandate to include elaboration of a draft protocol "concerning control of emissions of nitrogen oxides or their transboundary fluxes..., inter alia, facilitating the transfer of technology, in various countries."

The U.S. supported the establishment of the Working Group and has actively participated in each negotiating round; Attachment A is the approved Circular 175 request for the U.S. to participate in these negotiations. Three advantages may be obtained from developing an acceptable protocol in which he U.S. could participate:

1. It would demonstrate continued U.S. interest in devising common solutions to environmental problems of general concern to ECE members.

2. Since U.S. NO_X controls are among the world's most stringent, harmonization of standards should contribute (if only marginally) to improved competitiveness for the U.S. vis-a-vis our major trading partners.

3. Participation in a NO_x protocol could be useful as a means to reduce Canada's ability in the future to pressure the U.S. for bilateral action on NO_x emissions should we wish to decouple NO_x from our acid rain discussions with Canada.

The three basic formats originally proposed for a protocol were: (1) technology based standards for relevant source categories, (2) establishment of environmentally based critical loads and needed emission reduction requirements (if any), and (3) requiring a specified percentage reduction in each Party's national emissions relative to a specific baseline emission level. The U.S. has favored the first approach, indicated an openness to the second over the longer run, if technological and scientific improvements make it possible, and opposed the third. The current draft of the protocol contains elements of all three approaches, with the following important difference -- the idea of freezing emissions as of some point in time has effectively replaced the idea of a percentage reduction.

Current Draft Protocol

There are five major conceptual elements in the current draft:

1. a freeze in NO_x emissions or their transboundary fluxes at some historical level by some date in the 1990s;

2. application to new sources of best available technologies that are economically feasible;

3. gradual introduction of control measures for existing sources, taking into account certain factors such as plant age;

4. a commitment to begin negotiations at some point in the future on further steps to reduce NO_x emissions based on further technological and scientific developments (e.g., "internationally accepted" critical loads); and

5. a commitment to facilitate the exchange among Parties of technologies to reduce NO_x emissions.

The current draft also includes two points of critical importance to the United States. First, Parties which reduced emissions as a result of emission standards requiring the use of BAT on new sources and instituted through national

legislation adopted prior to 1980 shall be entitled to include such reductions in calculating their base year emission levels. This provision only applies to the U.S. and would provide the U.S. with a credit of 4.4 million tons above 1985 emission levels. Unfortunately, it is already clear that credit for previous U.S. control actions will not survive in as explicit a form or at the level found in the current draft. Second, the article dealing with technology exchange includes, at U.S. insistence, in brackets, the phrase "consistent with their national laws, regulations and practices."

Current Issues and Possible Solutions

1. The Freeze and the U.S. Credit. Most countries' profiles of future NO_x emissions are such that they could agree to freeze by 1996 their overall NO_x emissions at the level of some previous year; 1986/87 are under the most active consideration. However, some countries, such as Finland and Norway, want the flexibility to freeze emissions at a later year's level in order to permit participation by countries whose emissions will experience a short term increase before stabilizing or declining.

The problem for the U.S. is that the reduction in our national NO_x levels occurred in the early eighties and they are now trending up. In an effort to give the U.S. less explicit credit for earlier control actions there is a consensus to allow any country to freeze at an earlier year's level. This would allow the U.S. to choose 1978, its peak year. Unfortunately, U.S. NO_x emissions are projected to begin exceeding their 1978 level around 1996.

There are two potential solutions to the problem. The first is to specifically terminate the freeze in 1996, and replace it, if possible, with obligations negotiated on the basis of a critical loads or other scientifically established approach. A number of countries are concerned, however, that an alternate approach would not be sufficiently developed by that time to provide a basis for further control. Further, the ability to determine universal critical loads has not been supported as feasible by U.S. government scientists.

The second solution, recently discussed among Agency representatives, is to allow countries such as the U.S. to offset any emission excesses after 1996 with emissions "reductions" achieved prior to 1996. For example, projected U.S. NO_x emission levels are such that the average annual

level of NO_x emissions from 1986 to 2001 is expected to be below the 1978 level (Attachment B). This formulation might enable the U.S. to agree to maintaining a freeze for a longer period, thereby making other countries more willing to accept a specific date for terminating a freeze.

2. Best Available Technology for New Sources. The U.S. has advocated an obligation to employ BAT economically feasible for new sources independent of any other obligations. Most countries appear prepared to accept this. However, Canada and perhaps some other countries prefer that BAT be optional, one means among many to achieve an overall objective of a freeze. There appears to be sufficient support for the U.S. position to prevail and no compromise appears necessary at this time.

3. Controls on Existing Sources. A commitment gradually to introduce controls on existing sources is critical to those countries who have advocated a much stronger obligation than embodied in current thinking regarding a freeze. For example, the FRG, Switzerland, Sweden, the Netherlands and Austria would prefer a commitment to reduce NO_x emissions by 30 percent below 1985 levels by 1995. The U.S. originally opposed any commitment for existing sources but indicated an openness to such a commitment when language was introduced which would allow "the characteristics of the plant, its age and its rate of utilization and the need to avoid undue operational disruption" to be taken into account. In an effort to strengthen this obligation some countries favor setting a date, e.g., 1995, by which controls would be introduced and requiring that they be introduced on all facilities with a remaining operational lifetime of (x) years or more. The U.S. has indicated it cannot support a fixed date.

4. Critical Loads and Renegotiation of Control Obligations. At the initiation of formal negotiations, it became clear that there was not a sufficient consensus regarding the nature of the NO_x problem to provide the necessary basis for a protocol mandating strong control actions in the short term. Consequently, the Working Group adopted the idea of a two-step protocol, with the first step involving certain basic actions such as a freeze in emissions at some future date and BAT for new sources. The second step would involve a renegotiation in a few years of emission control obligations based on the further development of the scientific understanding of what was needed to protect the environment, e.g., the establishment of a critical load (or annual pollutant deposition amount) that should not be exceeded. The current draft would only obligate countries to "endeavor to develop" a critical loads approach.

Canada is a major proponent of the critical loads approach, although it has significant support from a number of other delegations.

5. Technology Exchange. At the insistence of the USSR and the eastern European countries the EB included the facilitation of technology transfer in the mandate of the Working Group. The U.S., with the general support of its closest allies, has succeeded in substantially reducing the extent of unacceptable proposals. In addition, the USSR has informally suggested language that appears to come close to resolving the issue. As informally discussed the Article on Exchange of Technology would read as follows (disputed language in brackets):

> The Parties shall [(U.S.), consistent with their national laws, regulations and practices,] facilitate the exchange of technology to reduce emissions of nitrogen oxides particularly through promotion of:
>
> (a) commercial exchange of available technology [(Poland) on favorable conditions];
>
> (b) direct industrial contact and co-operation, including joint ventures;
>
> (c) exchange of information and experience;
>
> (d) providing technical assistance.
>
> [(USSR) Parties shall support initiatives for the development and implementation of procedures, ensuring fulfillment of this article.]

While the phrase "on favorable conditions" is important to Poland, which is short of foreign exchange and in dire overall economic condition, it is unacceptable to the U.S. and other western countries. However, a possible solution to the entire text would be to accept both the proposed U.S. and USSR inserts and delete the Polish proposal.

ORIG RTRNED TO OES
DIST TO:

ATTACHMENT A

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Department of State

ACTION MEMORANDUM
'87 FEB -2 A11:23 S/S

UNCLASSIFIED

February 2, 1987

TO: P - Mr. Armacost

THROUGH: C - Mr. Derwinski

FROM: OES - Richard J. Smith, Acting

SUBJECT: Circular 175: Request for Authority to Negotiate a Protocol on the Reduction of Nitrogen Oxide Emissions to the ECE Long-Range Transboundary Air Pollution Convention

'87 FEB 1987 HAS SEEN

ISSUE FOR DECISION

Whether to authorize United States participation in the negotiation of a protocol to the Long-Range Transboundary Air Pollution Convention (LRTAP) of the Economic Commission for Europe (ECE) aimed at the reduction of emissions of nitrogen oxides (NOx).

ESSENTIAL FACTORS

The United States is a Contracting Party to the LRTAP Convention. Opened for signature in 1979, the Convention entered into force for the United States on March 16, 1983. A copy of the Convention is attached (TAB 3). Article 2 of the Convention provides that the Parties are, inter alia, to "endeavour to limit and, as far as possible, gradually reduce and prevent air pollution including long-range transboundary air pollution." Article 3 specifies that the Parties, in addition, "shall develop without undue delay policies and strategies which shall ... serve as a means of combating the discharge of air pollutants, taking into account efforts already made at national and international levels." Article 10 provides for the establishment of an Executive Body to oversee the Convention.

The Executive Body met for the third time in July 1985 and, in a major follow-up to the Convention, 21 members of the ECE signed a Protocol committing them to reducing their sulfur dioxide (SO2) emissions by at least 30 percent by 1993 compared to 1980. Thirteen countries have since ratified the Protocol; 16 are needed for the Protocol to enter into force.

The U.S. did not sign that protocol although we supported the desire of signatory countries to reduce their SO2 emissions. We played a constructive role during the

negotiations but pointed out that (a) we had achieved substantial reductions in SO2 emisions since 1973; (b) achieving significant additional reductions would be very expensive; and (c) the environmental benefits of such reductions by the U.S. were unclear for a variety of reasons.

The Executive Body took a related and significant step at its third session. It established an ad hoc Working Group to, inter alia, "prepare the necessary substantiation for appropriate internationally agreed measures and proposals aimed at the reduction of emissions of nitrogen oxides" (NOx). The Working Group includes representatives of most European countries, Canada, the U.S., the USSR, and a number of international organizations.

The Executive Body met for the fourth time in Geneva, November 11-14. The mandate of the Working Group on NOx emissions was extended. The Group is to prepare a draft NOx protocol to the Convention. Concurrently, parallel activities were continued to substantiate the scientific and technical basis for action. The Working Group will meet again in February, May and September. It hopes to complete the draft protocol for consideration by the Executive Body in November 1987.

The U.S. basically supported the establishment of the Working Group although the Group's Terms of Reference were a matter of considerable negotiation. We are perhaps the most advanced country in the world in terms of the extent of our NOx controls, but this presents a problem as well as an opportunity. The problem is that it would be difficult and very costly for the U.S. to achieve substantial further reductions in emissions of nitrogen oxides. The opportunity is to bring other countries closer to our own extensive pollution control standards. The basic U.S. position on a NOx Protocol was developed prior to the fourth meeting of the Executive Body and is attached (Tab 1). Although it is not explicitly stated in this document for negotiating reasons, the U.S. is not prepared at this time to agree to a protocol requiring NOx controls inconsistent with domestic legislation and regulation.

Many members of the Working Group have recognized the desirability of designing a protocol which would give credit for the significant steps already taken by the U.S. to control NOx emissions, in order to achieve U.S. acceptance of the

protocol and avoid the experience with the SO2 protocol. It remains to be seen how this will be accomplished in the negotiations.

Three basic formats have been proposed for a NOx protocol, although some proposals involve a mixture of these three formats. The three formats are:

1. Technology-based standards to control emissions from each relevant category of sources, e.g., cars.

2. Establishing a critical load (or annual pollutant deposition amount) that should not be exceeded. Then, based on this critical load and known emission conditions, required national emission reductions would be assigned to each protocol signatory.

3. Setting an emission reduction percentage for each signatory relative to a specific baseline. The baseline generally would be national annual emissions for a recent year.

The United States favors a protocol which incorporates technology-based standards for several reasons--some due to our existing national programs, some due to the relative ease of implementation that we believe can be achieved using this format. However, we recognize that there are theoretical advantages to the critical load approach and we might be open to the possibility of moving in that direction over the longer run, if technological and scientific improvements make it possible.

This Circular 175 request is only for authority to participate in negotiations. We will request additional Circular 175 authority to agree to a specific protocol, should one be developed. Participation in protocol negotiations, along the lines described above, would not result in any new commitments or financial obligations for the United States.

The requirements of the National Environmental Policy Act (NEPA) and E.O. 12114 on Environmental Effects Abroad of Major Federal Actions are being considered. Depending on the type of protocol which is eventually negotiated, varying types of environmental impacts could be postulated, but at this early point in the discussions it is not practical to assess them in view of the uncertainties inherent in the negotiating process. At an appropriate time, however, an environmental review will

be undertaken under NEPA and E.O. 12114 to determine whether more detailed environmental documentation is required prior to signature of any protocol.

The relevant Memorandum of Law is attached (TAB 2).

RECOMMENDATION

That you authorize United States participation in the subject protocol negotiations on the basis outlined above.

Approve MK FEB 1987 Disapprove _____

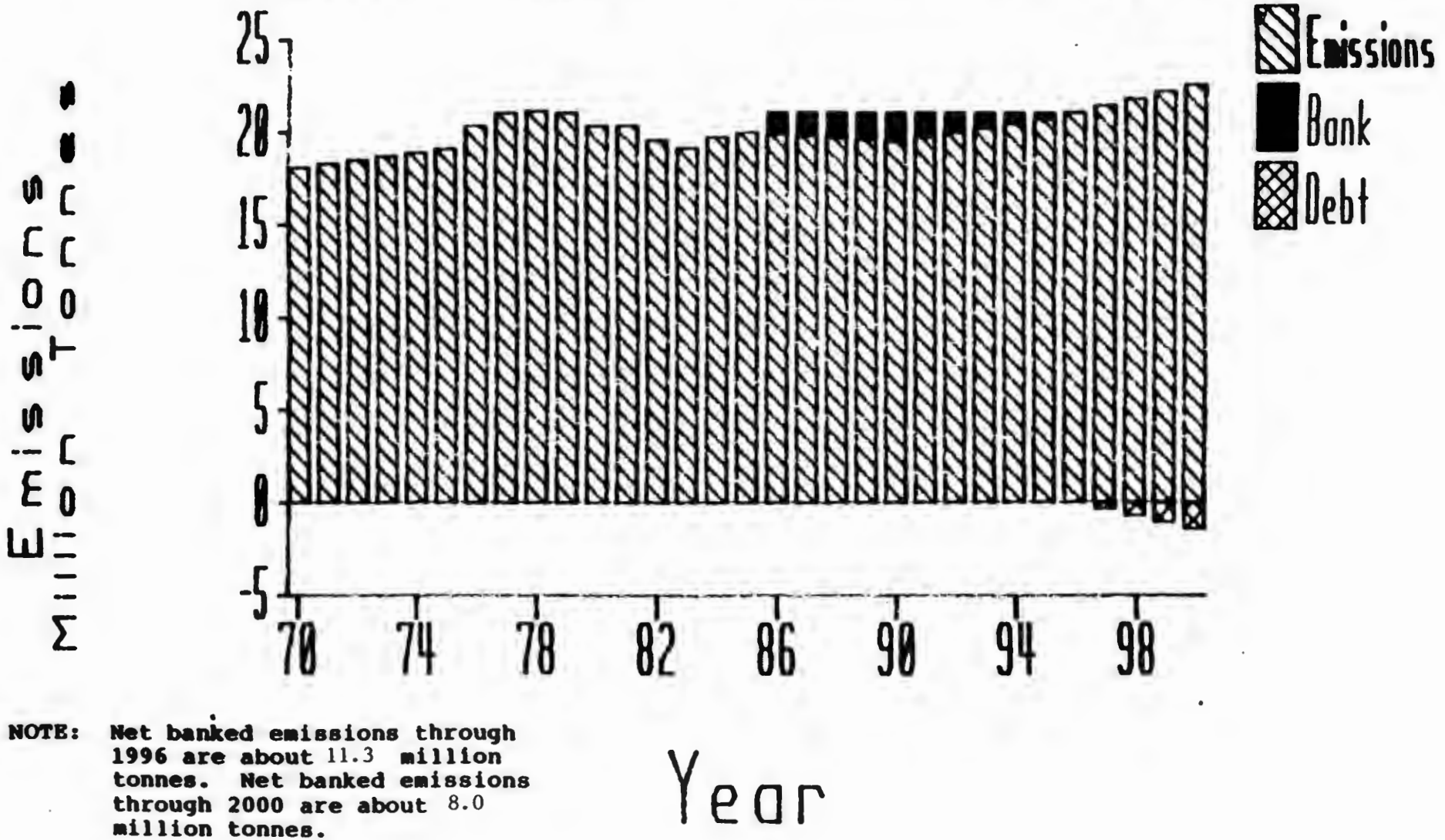
Attachments:

TAB 1 - U.S. Position on a NOx Protocol
TAB 2 - Legal Memorandum
TAB 3 - LRTAP Convention

Drafted:OES/ENH:JFitzgerald:gw:10/14/86
#0362T, 647-9169
Revised:1/30/87

Clearances:OES/E:REBenedick for
OES/ENH:JHRouse
M/MO:JLange
EPA/OIA:JLosey
EPA/ANR:DWinters
DOE:ERWilliams
L/OES:DKennedy
L/T:HCollums
L/OES:DColson

PROJECTED NOx EMISSIONS
with Emiss. Banking Opt.



NOTE: **Net banked emissions through 1996 are about** 11.3 **million tonnes. Net banked emissions through 2000 are about** 8.0 **million tonnes.**

Prepared by DOE on the basis of EPA projections.

DRAFT

THE WHITE HOUSE

WASHINGTON

July 15, 1988

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: THE WORKING GROUP ON ENERGY, NATURAL RESOURCES AND ENVIRONMENT

SUBJECT: Nitrogen Oxides (NOx) Protocol

ISSUE: Should the U.S. sign the NOx protocol that has been negotiated among parties to the Economic Commission for Europe's Convention on Long Range Transboundary Air Pollution (LRTAP)?

BACKGROUND: The attached protocol for control of NOx emissions has been negotiated among parties to the LRTAP Convention. This protocol is the second emissions control agreement to be negotiated under LRTAP. A sulfur dioxide (SO_2) protocol was concluded in 1985 and signed by 21 of 34 LRTAP parties, but not by the U.S. The U.S. did not agree that additional measures were needed to control SO_2 emissions, and did not sign because the SO_2 protocol did not recognize prior U.S. control actions. The decision not to participate resulted in a strong short term adverse reaction, and is still cited by interests that question the Administration's environmental leadership, and its commitment to address acid deposition.

Negotiations toward a NOx protocol began in 1985 and were concluded in May 1988. The original U.S. position, stated in the Circular 175, authorized U.S. representatives to negotiate a protocol that would move other parties toward our generally higher environmental standards. The U.S. position incorporated four elements:

- Technology-based standards for stationary and mobile sources;
- Research on a longer term strategy that might establish an environmental effects (critical loads) approach for setting control levels;
- Consistency with current U.S. domestic statutory and regulatory provisions; and
- Credit for prior unilateral actions by the U.S. if a percentage reduction of (or freeze on) emissions is a basic obligation of the protocol. (The U.S. has led the world in mobile and new stationary source NOx controls since 1971.)

High NOx emissions adversely affect the health of individuals and quality of the environment. NOx emissions are also a precursor to both acid rain and ground level ozone, and contribute to excess nutrient nitrogen in watersheds and coastal water systems.

Existing law allows NOx emissions to be controlled as a precursor to ozone and other secondary pollutants and requires new stationary sources to control NOx with best available technology (BAT). At the present time, the U.S. controls NOx emissions on the basis of direct health and welfare impacts (only southern California exceeds established standards), and periodic (5 year) BAT reviews. NOx emissions can either promote or inhibit the ozone formation process, depending on local conditions. Currently, there is widespread ozone non-attainment.

The attached chart illustrates recent NOx emissions trends, and shows a range of emissions projections through 2010. The EPA projection indicates that by 2010 emissions would be over three million metric tons above the 1978 level. This projection (the bold line) is in the high end of the range of future estimates. Emissions could be lower than projected as a result of either (1) market decisions, such as fuel shifts to natural gas or accelerated introduction of some clean coal technologies; or, (2) additional regulation of emissions, such as revised ambient air quality or new source performance standards, or actions to further control acidic deposition or ground level ozone.

DISCUSSION: The current negotiated NOx protocol, places several obligations on parties that sign. The most important for the U.S. are:

1. A freeze on NOx emissions at 1987 levels "[or any previous year]" by December 31, 1994. "[Any party that chooses a previous year at signing will ensure that its national average annual transboundary fluxes of NOx from January 1, 1987 to January 1, 1996 do not exceed its transboundary fluxes for the calendar year 1987.]" To be consistent with the remainder of the protocol, we believe the bracketed language should be changed from "transboundary fluxes" to "transboundary fluxes or national emissions." This obligation could require that reductions occur by the year 2000.

2. Applying best available technologies that are economically feasible to new stationary and mobile sources, and introducing pollution control measures for existing sources, taking into account such factors as plant age and rate of utilization and the need to avoid undue operational disruption. These obligations are fully consistent with the U.S. Clean Air Act. No additional domestic regulatory actions are required to satisfy these obligations.

3. A commitment by the parties to endeavor to develop a follow-on protocol to set ecological/health-based ambient air and/or deposition standards for implementation in 1996. Unless the second protocol removes it, the freeze continues in effect.

Other provisions of the protocol would require annual reporting requirements, exchange of information on technology, and provisions for greater availability of unleaded gasoline.

Impact of Protocol on U.S.

The current protocol is consistent with the first three original U.S. objectives. The fourth objective, credit for prior unilateral actions, is not fully incorporated, although a partial credit, about 25 percent of the maximum possible, is contained in the bracketed language in the current protocol. This language will remain in the final text if both the U.S. and Canada accept the language by August 1, 1988, and express intent to sign the protocol at an October 31 meeting in Sofia, Bulgaria. As stated in 1. above, the U.S. should seek a clarification of the compromise language, to which the Canadians may object. If this occurs, the outcome is unclear.

If the U.S. signs the protocol, the bracketed language would, in effect, obligate the U.S. to 1) keep average annual NOx emissions at or below the 1987 level from 1987 through 1995; and 2) limit annual emissions to no higher than 1978 levels, the peak U.S. level, beginning in 1996. If current projections are accurate:

- For the period 1987 through 1995, the U.S. should be able to comply without additional controls. However, the projections through 1995 are close to the 1987 level, leaving a small margin for "error".

- The U.S. would have to adopt, by the mid 1990's, additional NOx control regulations, or begin to exceed the 1978 level after the year 2000. An emissions reduction of two million metric tons annually, about 10 percent of the 1978 peak level, could be achieved at an average annual cost of less than $150 per metric ton reduced, or less than $300 million annually. Larger reductions would require increasingly greater costs per ton of reduction.

The U.S. may not need to adopt additional regulations if 1) the parties adopt a second protocol that allows for higher levels of emissions, or 2) the NOx emissions projections are overestimated, or 3) market forces reduce NOx through measures such as the success of the Administration's clean coal technology program.

Other Considerations

Canada and the other LRTAP parties are likely to join the protocol independently of a U.S. decision. The protocol would require them to adopt regulatory features currently in U.S. law. These features include the use of economically feasible, best available controls on new stationary and mobile sources. The protocol also serves to limit Canadian flexibility in relaxing mobile and stationary source NOx emission controls.

In the absence of specific implementing legislation, there appears to be a very low risk that a U.S. court would entertain an action to require EPA to implement the protocol. There is a possibility that a court might indirectly consider the protocol as a factor in its review of NOx-related decision making under the Clean Air Act. If EPA can show that it has taken the protocol into consideration when making future NOx-related decisions, this possibility would be minimized.

OPTIONS: The following options should be considered:

Option #1. Sign the Protocol

Pros:
- o No additional control actions are anticipated until the mid-1990's.
- o The need for additional controls may not materialize at all if present projections prove high.
- o It establishes a precedent for at least partial credit for prior control actions.
- o It adds to U.S. credibility as a world leader in environmental action, and is consistent with U.S. participation in LRTAP.

Cons:
- o The U.S. will need to take additional NOx emission control actions by the mid-1990's to comply with the freeze unless actions are taken for domestic regulatory reasons or emissions are reduced as a result of market forces.
- o The need for additional action will be greater if a follow-on protocol is more stringent than the freeze.
- o It does not provide full credit for past actions; however, it would present an opportunity to express U.S. concern, on the record, about receiving only partial credit for past actions. This would serve as a marker for future emissions control protocols.

The U.S. can adhere to the protocol either as a treaty or as an executive agreement. Internationally, the obligation is the same. Under U.S. law, however, a treaty is subject to Senate approval and overrides prior, inconsistent federal and state laws. An executive agreement does not require Senate approval and would override state law but, ordinarily, not prior federal statutes.

Sub-option: Conclude as a Treaty

Pros:
- o It would appeal to those in the Congress who want an opportunity to advise and consent.

Cons:
- o The Senate may not ratify the treaty, or may add undesireable requirements for implementation of the protocol.

Sub-option: Conclude as an Executive Agreement

Pros:
- o It would enable the Administration to take full credit for signing the protocol.
- o It preserves flexibility with respect to withdrawal.
- o It reduces risk of congressional intervention in implementation of the protocol

Cons:
- o There is a risk that some in the Senate would object to not having an opportunity for advice and consent.

Sub-option: Conclude as an Executive Agreement, but with a qualification that the U.S. will consider withdrawal if a follow-on protocol is not adopted by 1996, to establish a second-step obligation acceptable to the U.S., based on scientific, technical and economic factors.

Pros:
- o It places greater pressure on other parties to adopt a second step protocol by 1996, incorporating obligations acceptable to the U.S.

Option #2. Do not sign the Protocol

Pros:
- o It eliminates a risk that the U.S. would have to place additional NOx emissions controls on sources based on other than domestic interpretation of the science, technology, and economic implications.

Cons:
- o There is a risk that this will result in reduced U.S. credibility as a world leader in addressing international environmental questions.
- o If the U.S. decides to sign the protocol later, the opportunity to obtain a NOx emissions freeze at other than 1987 levels would be lost.

The Council may wish to recommend against continued LRTAP Convention participation, to avoid involvement in likely future emissions control protocols (e.g., volatile organic compounds that would be further controlled to reduce surface ozone).

Sub-option: Remain a party to LRTAP

Pros:
- o This allows the U.S. to continue to participate in this international forum.

Cons:
- o Continued differences with other LRTAP parties over credit for prior control actions is likely.

Sub-option: Withdraw from LRTAP

Pros:
- o It avoids future disagreement with the Europeans and Canadians in this forum, regarding credit for prior control actions.
- o It eliminates the possibility that in future protocol negotiations the U.S. would be pressured to place additional controls, for other than domestic reasons, on other pollutants (e.g., volatile organic compounds).

Cons:
- o There would be some risk of political fallout from charges of the U.S. withdrawing from a leadership role on environmental issues in this significant international forum.

Attachments