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THE WHITE HOUSE

WASHINGTON

June 16, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: RALPH C. BLEDSOE
Executive Secretary

SUBJECT: New Draft of Stratospheric Ozone Memorandum

Attached is a revised draft of the decision memorandum on Stratospheric Ozone. An attempt has been made to incorporate most of your previous comments.

Please review this draft and provide comments on your agency's position on each of the issues. Since some of the options have changed, and there is one new issue, agency positions should be checked.

Comments are due in my office, Room 200-OEOB, telephone 456-6640, by 10 a.m. tomorrow, Wednesday, June 17, 1987.

CEA Votes

DRAFT

THE WHITE HOUSE

WASHINGTON

June 15, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

SUBJECT: Stratospheric Ozone

Issue: What guidance should the U.S. delegation be given for the next stages of international negotiation of an agreement for regulation of chemicals believed capable of future depletion of stratospheric ozone?

Background

During the 1970's, concerns were expressed in the scientific community that continued growth in the use of certain chemicals would result in future depletion of stratospheric ozone, which scientists predict could cause adverse health and environmental effects, including increased skin cancer deaths, cataracts, effects on the immune system, damage to crops and materials and impacts on aquatic life. Other scientists believe that some of these projections, which extend as far as the year 2165, may not accurately account for scientific uncertainties and for future technological, scientific medical and behaviorial changes that may occur. The chemicals in question are used commercially in refrigerators, mobile air-conditioners, foam insulation and fire extinguishers, and by the electronics industry. Some of them have important national defense applications for which there are currently no substitutes.

Most scientists believe that significant ozone depletion will occur by the year 2040 unless international action is taken to control the chemicals at issue, even though there are numerous medical and scientific uncertainties about the potential impacts of such depletion. Ideally, any freeze or reduction in CFCs should be based on reliable scientific evidence that use of CFCs will cause depletion of stratospheric ozone. While there are differing views within the Council on the reliability of the scientific evidence available at this time, the long life of CFC accumulations, and the consequent risk assessments associated with projected ozone depletion argue for strong action to secure an international agreement this year, with provision for future scientific assessment.

Congressional Interest

Concern over the predicted depletion of ozone led Congress to add an ozone protection section to the Clean Air Act in 1977 and led EPA to ban CFC aerosols in 1978. Norway, Sweden and Canada subsequently implemented partial bans of CFC aerosol use.

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Currently, there is strong congressional pressure for additional action to protect the ozone layer. Both the Senate and the House have passed resolutions calling for a strong international agreement. The Senate resolution urged an automatic reduction in CFC production of fifty percent. If an effective international agreement is not reached, and we fail to secure firm and concrete commitments from other countries, Congress and the courts may require unilateral domestic reductions of the chemicals in question. Such U.S. action, alone, would not protect the ozone layer and would disadvantage American businesses in world markets.

International Negotiations

The U.S. is a party to the 1985 Vienna Convention for Protection of the Ozone Layer. (Note: the Convention is not in effect yet because it has not been ratified by a sufficient number of countries.) Your ratification message to the Senate stated that this Convention addresses stratospheric ozone depletion "primarily by providing for international cooperation in research and exchange of information . . . and could also serve as a framework for negotiation of regulatory measures that might in the future be considered necessary. . . ." The U.S. has received considerable credit in Congress and in public opinion for its leadership role in the three negotiating sessions held thus far to develop an international agreement on control of the chemicals in question. The U.S. interagency delegation has been guided by a Circular 175 approved under the authority of the Secretary of State, following approval by some, but not all, agencies at various policy levels. The next negotiating session is scheduled for June 29, 1987 with a plenipotentiary conference scheduled in Montreal in September to sign the agreement.

Cost-Benefit

In a cost benefit analysis relying on EPA estimates of ozone depletion health effects, the potential benefits of taking some actions to protect the ozone layer were found to be greater than the costs of controlling the relevant chemicals. Cost benefit analysis suggests that both a freeze and a further 20-percent reduction of the ozone-depleting chemicals are economically justified. Further reductions may also be indicated, depending on information that will be acquired prior to taking such steps.

Discussion

The most recent international negotiations have produced a Chairman's Text for an agreement based on the structure presented by the U.S. Each country has been asked to review this Text prior to the June 29 meetings. The Domestic Policy Council met on May 20 and June 11 to discuss the Chairman's Text, as well as the overall negotiations. The Council agreed that we should continue with negotiations, however, your further guidance on the following issues and options is requested.

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ISSUE 1 -- PARTICIPATION AND ENTRY INTO FORCE

Ideally, all nations should participate in the protocol if it is to address globally the ozone depletion problem. Otherwise, production of CFCs by nonparticipants could offset reductions by the participating countries. The Council believes we should seek maximum participation.

Which of the following positions should the U.S. delegation seek with regard to entry into force (EIF) and continuing effect of the protocol?

✓ Option 1. Entry into force of the protocol should occur only when a sufficient number of producing/consuming countries have signed and ratified it.

This option is supported by State and HHS.

_____ Option 2. Entry into force should occur only when essentially all producing/consuming countries have signed and ratified the protocol.

This option is supported by.....

_____ Option 3. Entry into force should occur when the required number of countries have signed and ratified the protocol, regardless of their production or consumption.

This option is supported by DOD.

ISSUE 2 -- GRACE PERIOD FOR LESSER DEVELOPED COUNTRIES

To encourage their participation, lesser developed nations should be given a grace period up to the year 2000, for increased domestic consumption and with other limitations?

✓ Option 1. Yes

This option is supported by DOE, Commerce, HHS, USTR, CEQ and OSTP.

_____ Option 2. No

This option is supported by DOD.

ISSUE 3 -- VOTING

Should the delegation seek to negotiate a system of voting for protocol decisions, giving due weight to the significant producing and consuming countries?

Yes ✓ No _____

This proposal has unanimous support of the Council.

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DRAFT

ISSUE 4 -- MONITORING AND ENFORCEMENT

Should the delegation seek strong provisions for monitoring, reporting, and enforcement to secure the best possible compliance with the protocol?

Yes ✓ No _____

This proposal has unanimous support of the Council.

ISSUE 5 -- CREDITS FOR PREVIOUS ACTIONS

Should the delegation seek a system of credits for previous emissions reductions, such as the 1978 U.S. ban of non-essential aerosols.

_____ Option 1. Yes.

This option could provide an advantage to the U.S. in meeting any reduction targets, and is supported by Commerce and OSTP.

✓ Option 2. No. In previous negotiations, other countries objected to this proposal, claiming that the U.S. is the largest consumer of CFCs, total and per capita.

This option is supported by HHS, DOE, USTR and CEQ.

ISSUE 6 -- FREEZE

Should the delegation seek a freeze at 1986 levels on production/consumption of all seriously ozone-depleting chemicals (CFCs 11, 12, 113, 114, 115; Halons 1201 and 1311), to take effect one or two years after the protocol entry into force? The earliest expected EIF date is 1988.

Yes ✓ No _____

This proposal is consistent with the Chairman's Text and has unanimous support of the Council. Halons are not presently mentioned in the Chairman's Text, but it is intended that they will be included.

ISSUE 7 -- SCHEDULED 20% REDUCTION

Should the delegation seek a 20% reduction from 1986 levels of CFCs 11, 12, 113, 114 and 115, two to four years after EIF, (about 1992) following an international review of updated scientific evidence?

The Council supports this option, but it is divided over the

following options for how the reductions should be implemented:

✓ Option 1. The 20% reduction should take place unless reversed by a vote against following the 1990 scientific review.

This proposal is consistent with the current Chairman's Text and has been supported by the U.S. delegation under the Circular 175. It is supported by Commerce, HHS, DOE, DOD and USTR.

_____ Option 2. The 20% reduction should take place only if a majority vote in favor, following the 1990 scientific review.

This option is supported by CEQ.

_____ Option 3. Further reductions should not occur unless the parties enter into an additional protocol based on scientific evidence not now available.

This option is supported by OSTP.

ISSUE 8 -- SECOND PHASE REDUCTIONS

Should the delegation agree to seek second-phase CFC reductions, more or less than 50% cumulative from 1986 levels, consistent with the Chairman's Text? These would occur 8 or more years after EIF (about 1996)?

_____ Option 1. Yes, and some of these reductions should be specified to occur at designated points in time, unless reversed by a vote of parties following scientific review.

✓ Option 2. Yes, and such reductions should occur only if a majority of the protocol parties vote in favor, following scientific reviews.

This is supported by HHS, DOE, DOD, CEQ and USTR.

_____ Option 3. Further reductions should not be scheduled at this time. We may later decide to seek these in light of future scientific evidence.

This option is supported by Commerce and OSTP.

ISSUE 9 -- LONG RANGE OBJECTIVE

Should the delegation support the ultimate objective of eventual elimination of realistic threats to the stratospheric ozone layer

from man-made chemicals, if determined necessary based on regularly scheduled scientific assessments.

Yes ✓ No _____

This proposal is reflected in the Chairman's Text and has unanimous support of the Council members. Only CEQ has reservations.

ISSUE 10 -- TRADE PROVISIONS

The international negotiations have focused on a trade provision to insure that countries are not 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. What should be the nature of any trade article sought for the protocol?

_____ Option 1. Seek a provision which will best protect U.S. industry in world markets.

This option is supported by.....

✓ Option 2. Seek a provision authorizing trade restrictions against CFC and related imports from countries which do not join or comply with the protocol provisions.

This option is supported by .....

_____ Option 3. Do not seek a trade article for the protocol.

This option is supported by.....

THE WHITE HOUSE
WASHINGTON

CABINET AFFAIRS STAFFING MEMORANDUM

Date: June 17, 1987 **Number:** 490,664 **Due By:** ____________

Subject: Domestic Policy Council Meeting with the President -- Stratospheric Ozone

	Action	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☑	☐
State	☑	☐
Treasury	☑	☐
Defense	☑	☐
Justice	☑	☐
Interior	☑	☐
Agriculture	☑	☐
Commerce	☑	☐
Labor	☐	☐
HHS	☑	☐
HUD	☑	☐
Transportation	☐	☐
Energy	☑	☐
Education	☑	☐
Chief of Staff	☑	☐
OMB	☑	☐
UN	☐	☐
USTR	☑	☐
CIA	☐	☐
EPA	☑	☐
GSA	☐	☐
NASA	☐	☐
OPM	☐	☐
SBA	☐	☐
VA	☐	☐

	Action	FYI
CEA	☑	☐
CEQ	☑	☐
OSTP	☑	☐
Carlucci	☑	☐
Cribb	☑	☐
Bauer	☑	☐
Dawson *(For WH Staffing)*	☑	☐
Executive Secretary for:		
DPC	☑	☐
EPC	☐	☐

REMARKS: The Domestic Policy Council will meet tomorrow, June 18, 1987, at 2:00 p.m. in the Cabinet Room. The agenda and background papers are attached for your review.

RETURN TO:

☑ Nancy J. Risque
Cabinet Secretary
456-2823
(Ground Floor, West Wing)

☐ Associate Director
Office of Cabinet Affairs
456-2800
(Room 235, OEOB)

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: RALPH C. BLEDSOE
Executive Secretary

SUBJECT: Domestic Policy Council Meeting of June 18

Attached are an agenda and materials for the Domestic Policy Council meeting with the President on Thursday, June 18, 1987 at 2:00 p.m. in the Cabinet Room. The topic to be discussed is Stratospheric Ozone.

The background paper contains a listing of issues pertaining to this topic which were reviewed by the Council on May 20 and June 11. The purpose of the meeting will be to seek the President's guidance for the U.S. delegation to the international negotiations on a protocol for reducing depletion of the stratospheric ozone layer.

Attachment

THE WHITE HOUSE

WASHINGTON

DOMESTIC POLICY COUNCIL

Thursday, June 18, 1987

2:00 p.m.

Cabinet Room

AGENDA

1. Stratospheric Ozone -- Lee M. Thomas
Administrator
Environmental Protection Agency

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

SUBJECT: Stratospheric Ozone

ISSUE: What guidance should the U.S. delegation be given for the next stages of international negotiation of an agreement for regulation of chemicals believed capable of future depletion of stratospheric ozone?

BACKGROUND:

Beginning in the 1970's, concerns were expressed in some parts of the scientific community that continued growth in the use of certain chemicals would result in future depletion of stratospheric ozone. Scientists' models predict this could cause adverse health and environmental effects, including increased skin cancer deaths, cataracts, effects on the immune system, damage to crops and materials and impacts on aquatic life. Other scientists believe that some of these projections, which extend as far as the year 2165, do not accurately account for numerous scientific uncertainties and for future technological, scientific, medical and behavioral changes that may occur. The chemicals in question, chlorofluorocarbons (CFCs) and Halons, are used commercially in refrigerators, building and mobile air-conditioners, foam insulation and fire extinguishers, and by the electronics industry. Some of them have important national defense applications for which there are currently no substitutes.

Based on their models, most scientists now believe that significant ozone depletion is likely to occur by the year 2040 unless global action is taken to control the chemicals at issue, even though there are numerous medical and scientific uncertainties about the potential impacts of such depletion. Ideally, any freeze or reduction in CFCs should be based on reliable scientific evidence that use of CFCs will cause depletion of stratospheric ozone. While there are differing views within the Council on the reliability of the scientific evidence available at this time, the long life of CFC accumulations, and the consequent risk assessments associated with projected ozone depletion argue for strong action to secure an international agreement this year, with provision for future scientific assessment. Since U.S. participation in an international agreement will require domestic regulations, the Domestic Policy Council will address these and potential non-regulatory options as additional policy guidance is needed.

Congressional Interest. Concern over the predicted depletion of ozone led Congress to add an ozone protection section to the Clean Air Act in 1977 and led EPA to ban CFC aerosols in 1978. Some other countries subsequently implemented partial bans of CFC aerosol use. Currently, there is strong congressional pressure for additional action to protect the ozone layer. The Senate has passed a resolution calling for a strong international agreement, and urging an automatic reduction in CFC production of fifty percent. If an effective international agreement is not reached, and we fail to secure firm and concrete commitments from other countries, Congress and the courts may require unilateral domestic reductions of the chemicals in question. Such U.S. action, alone, would not protect the ozone layer and would disadvantage American businesses in world markets.

International Negotiations. The U.S. is a party to the 1985 Vienna Convention for Protection of the Ozone Layer. (Note: Although the Convention is not in effect yet, we expect it will be ratified by a sufficient number of countries.) The President's ratification message to the Senate stated that this Convention addresses stratospheric ozone depletion "primarily by providing for international cooperation in research and exchange of information . . . and could also serve as a framework for negotiation of regulatory measures that might in the future be considered necessary. . . ." The U.S. has received considerable credit by some in Congress for its leadership role in the three negotiating sessions held thus far to develop an international agreement on control of the chemicals in question. However, some are concerned that not all emerging industrialized nations have participated in the negotiations. The U.S. interagency delegation has been guided by a Circular 175 approved under the authority of the Secretary of State, following approval by some agencies at various staff levels. The next negotiating session is scheduled for June 29, 1987 with a plenipotentiary conference scheduled in Montreal in September to sign the agreement.

Cost-Benefit. In a cost benefit analysis relying on EPA estimates of ozone depletion effects on cancer deaths thought 2165, the potential benefits of taking some actions to protect the ozone layer were found to be substantially greater than the costs of controlling the relevant chemicals. Cost benefit analysis suggests that both a freeze and a further 20-percent reduction of the ozone-depleting chemicals are economically justified. Further reductions are also indicated in a majority of cases, depending on information that will be acquired prior to taking such steps.

DISCUSSION: The most recent international negotiations have produced a Chairman's Text for an agreement based on the structure presented by the U.S. Each country has been asked to review this Text prior to the June 29 meetings. The Domestic Policy Council met on May 20 and June 11 to discuss the Chairman's Text, as well as the overall negotiations. The Council agreed that we should continue with negotiations.

ISSUE 1 -- PARTICIPATION AND ENTRY INTO FORCE OF THE PROTOCOL

Ideally, all nations that produce or use ozone-depleting chemicals should participate in the protocol if it is to address globally the ozone depletion problem. Otherwise, production of CFCs by nonparticipants could eventually offset reductions by the participating countries.

Which of the following positions should the U.S. delegation seek with regard to entry into force (EIF) and continuing effect of the protocol?

_____ Option 1. Entry into force of the protocol should occur only when a substantial proportion of producing/consuming countries as determined by the U.S. delegation have signed and ratified it.

_____ Option 2. Entry into force should occur only when, according to a pre-determined formula, essentially all major producing/consuming countries have signed and ratified the protocol.

_____ Option 3. Entry into force should occur when the specific minimum number of countries required by the Convention have signed and ratified the protocol, regardless of their production or consumption.

ISSUE 2 -- GRACE PERIOD FOR LESSER DEVELOPED COUNTRIES

To encourage participation by all countries, should lesser developed nations be given a limited grace period up to the year 2000, to allow some increases in their domestic consumption? This has been the U.S. position.

Yes_____ No_____

ISSUE 3 -- VOTING

Should the U.S. delegation seek to negotiate a system of voting for protocol decisions that gives due weight to the significant producing and consuming countries?

Yes_____ No_____

ISSUE 4 -- MONITORING AND ENFORCEMENT

Should the U.S. delegation seek strong provisions for monitoring, reporting, and enforcement to secure the best possible compliance with the protocol?

Yes_____ No_____

ISSUE 5 -- CREDITS FOR PREVIOUS ACTION

Should the delegation seek a system of credits for emissions reduction for the 1978 U.S. ban of non-essential aerosols? In previous negotiations, other countries rejected this proposal, claiming that the U.S. is still the largest consumer of CFCs.

_____ Option 1. Yes.

This would assure the consideration of previous actions taken to deal with ozone depletion.

_____ Option 2. No.

This could stalemate the negotiations, and stimulate unnecessary proposals from other parties.

ISSUE 6 -- FREEZE

Should the U.S. delegation seek a freeze at 1986 levels on production/consumption of all seriously ozone-depleting chemicals (CFCs 11, 12, 113, 114, 115; Halons 1201 and 1311), to take effect one or two years after the protocol entry into force? This proposal is consistent with the Chairman's Text.

Yes_____ No_____

A freeze will achieve a majority of the health and environmental benefits derived from retention of the ozone layer. It will also spur industry to develop substitutes for ozone-depleting chemicals. Halons are not presently mentioned in the Chairman's Text, but it is intended that they will be included. The earliest expected entry into force (EIF) date is 1988.

ISSUE 7 -- SCHEDULED 20% REDUCTION

Should the U.S. delegation seek a 20% reduction from 1986 levels of CFCs 11, 12, 113, 114 and 115, 4 years after EIF, about 1992, following the 1990 international review of scientific evidence?

_____ Option 1. The 20% reduction should take place automatically, unless reversed by a 2/3 vote of the parties.

This is consistent with the Chairman's Text and the Circular 175. CFC 113 has national defense applications for which there are currently no available substitutes.

_____ Option 2. The 20% reduction should take place only if a majority of the parties vote in favor following the 1990 scientific review.

_____ Option 3. Further reductions should not be scheduled at this time. We may later decide to seek these in light of future scientific evidence.

ISSUE 8 -- SECOND PHASE REDUCTION

Should the U.S. delegation seek a second-phase CFC reduction of an additional 30% from 1986 levels, consistent with the Chairman's Text? This would occur about 8 years after EIF (about 1996).

_____ Option 1. Yes, and this should occur automatically, unless reversed by a 2/3 vote of parties, following scientific review.

_____ Option 2. Yes, and this should occur only if a majority of the protocol parties vote in favor, following scientific reviews.

_____ Option 3. Further reductions should not be scheduled at this time. We may later decide to seek these in light of scientific evidence not now available about the results of a freeze and any other reduction. This would curtail future reductions, and require a new protocol.

ISSUE 9 -- LONG RANGE OBJECTIVE

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

Yes_____ No_____

CEQ believes the ultimate objective is development of substitute non-ozone-depleting chemicals.

ISSUE 10 -- TRADE PROVISIONS

The international negotiations have focused on a trade provision 1) to insure that countries are not able to profit from not participating in the international agreement, and 2) to insure that U.S. industry is not disadvantaged in any way through participation.

What should be the nature of any trade article sought for the protocol by the U.S. delegation?

_____ Option 1. Seek a provision which will best protect U.S. industry in world markets, by authorizing trade restrictions against CFC-related imports from countries which do not join or comply with the protocol provisions.

_____ Option 2. Do not seek a trade article for the protocol.

R Bledsoe

Attachment

THE WHITE HOUSE

WASHINGTON

DOMESTIC POLICY COUNCIL

Thursday, June 18, 1987

2:00 p.m.

Cabinet Room

AGENDA

1. Stratospheric Ozone -- Lee M. Thomas
Administrator
Environmental Protection Agency

Domestic Policy Council Meeting

June 18, 1987

PARTICIPANTS

The President

The Vice President

Secretary Hodel
Secretary Baker
Secretary Lyng
Secretary Bowen
Secretary Pierce
Secretary Herrington
Senator Baker
Administrator Thomas
Deputy Secretary Whitehead
(Representing Secretary Shultz)
Deputy Secretary Taft
(Representing Secretary Weinberger)
Deputy Attorney General Burns
(Representing Attorney General Meese)
Deputy Director Wright
(Representing Director Miller)
Ambassador Woods
(Representing Ambassador Yeutter)

T. Kenneth Cribb, Jr., Assistant to the President for Domestic Affairs
Nancy J. Risque, Assistant to the President and Cabinet Secretary
Gary L. Bauer, Assistant to the President for Policy Development
Ralph C. Bledsoe, Executive Secretary

Additional Attendees

William L. Ball, Assistant to the President for Legislative Affairs
Rhett B. Dawson, Assistant to the President for Operations
Frank J. Donatelli, Assistant to the President for Intergovernmental Affairs
Kenneth M. Duberstein, Deputy Chief of Staff
Marlin Fitzwater, Assistant to the President and Principal Deputy Press Secretary
Danny L. Crippen, Assistant to the President
Grant Greene, Executive Secretary, National Security Council
Beryl Sprinkel, Chairman, Council of Economic Advisers
Thomas P. Rona, Deputy Director of the Office of Science and Technology Policy
Jacqueline Schafer, Member, Council on Environmental Quality
C. Boyden Gray, Counsellor to the Vice President

Bruce Smart, Under Secretary for International Trade, Department of Commerce
Wendell Willkie, General Counsel, Department of Education
Steve Galebach, Senior Special Assistant to the Attorney General
Becky Norton Dunlop, Deputy Chief Operating Officer, Department of the Interior

General Comments

DOMESTIC POLICY COUNCIL WITH THE PRESIDENT

STRATOSPHERIC OZONE

June 18, 1987

- CEA, like many others, was initially skeptical of the wisdom of regulation to protect the stratospheric ozone layer.
  - -- Too often in the past, environmentalists have been like "the boy who cried 'wolf'."
  - -- CEA has always opposed burdening our economy with unnecessary and costly regulations, environmental or otherwise.
  - -- CEA has reached its position in support of a strong international protocol only after careful examination of the best data currently available.

- What is the basis of CEA's position?
  - -- As explained by Lee Thomas, the health and environmental risks of inaction and indecision are substantial.
    - * The health dangers include a large number of avoidable deaths from skin cancer.
    - * Many of the long-term and potentially irreversible ill effects of ozone depletion will fall on future generations.
  - -- We have a responsibility to those who will come after us to make an economically sound decision---neither to subject them to needless risks nor to weaken the economic system they will inherit from us.

-- The adverse health effects translate into very large economic damages if significant ozone depletion occurs.

-- On the other hand, the costs to our economy of responsible control measures are relatively small.

-- Our cost/benefit analysis shows that a protocol consistent with what has been negotiated so far is clearly justified on economic grounds.

Freeze; 20% . Prefer vote on 30% => new data

o An <u>international</u> agreement is essential, and we are very close to one.

-- The scope of the problem is world-wide. The U.S. cannot protect the ozone layer by itself.

-- Unilateral controls forced on us by Congress or the courts would only disadvantage U.S. consumers and make U.S. industry less competitive. Other countries that produce the ozone-depleting chemicals would get a free ride.

-- The U.S. has been the leader in the negotiations so far, and a successful, effective protocol would be a major diplomatic and domestic success.

Marked up

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: RALPH C. BLEDSOE
Executive Secretary

SUBJECT: Domestic Policy Council Meeting of June 18

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DOMESTIC POLICY COUNCIL

Thursday, June 18, 1987

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Administrator
Environmental Protection Agency

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

SUBJECT: Stratospheric Ozone

ISSUE: What guidance should the U.S. delegation be given for the next stages of international negotiation of an agreement for regulation of chemicals believed capable of future depletion of stratospheric ozone?

BACKGROUND:

Beginning in the 1970's, concerns were expressed in some parts of the scientific community that continued growth in the use of certain chemicals would result in future depletion of stratospheric ozone. Scientists' models predict this could cause adverse health and environmental effects, including increased skin cancer deaths, cataracts, effects on the immune system, damage to crops and materials and impacts on aquatic life. Other scientists believe that some of these projections, which extend as far as the year 2165, do not accurately account for numerous scientific uncertainties and for future technological, scientific, medical and behavioral changes that may occur. The chemicals in question, chlorofluorocarbons (CFCs) and Halons, are used commercially in refrigerators, building and mobile air-conditioners, foam insulation and fire extinguishers, and by the electronics industry. Some of them have important national defense applications for which there are currently no substitutes.

Based on their models, most scientists now believe that significant ozone depletion is likely to occur by the year 2040 unless global action is taken to control the chemicals at issue, even though there are numerous medical and scientific uncertainties about the potential impacts of such depletion. Ideally, any freeze or reduction in CFCs should be based on reliable scientific evidence that use of CFCs will cause depletion of stratospheric ozone. While there are differing views within the Council on the reliability of the scientific evidence available at this time, the long life of CFC accumulations, and the consequent risk assessments associated with projected ozone depletion argue for strong action to secure an international agreement this year, with provision for future scientific assessment. Since U.S. participation in an international agreement will require domestic regulations, the Domestic Policy Council will address these and potential non-regulatory options as additional policy guidance is needed.

Congressional Interest. Concern over the predicted depletion of ozone led Congress to add an ozone protection section to the Clean Air Act in 1977 and led EPA to ban CFC aerosols in 1978. Some other countries subsequently implemented partial bans of CFC aerosol use. Currently, there is strong congressional pressure for additional action to protect the ozone layer. The Senate has passed a resolution calling for a strong international agreement, and urging an automatic reduction in CFC production of fifty percent. If an effective international agreement is not reached, and we fail to secure firm and concrete commitments from other countries, Congress and the courts may require unilateral domestic reductions of the chemicals in question. Such U.S. action, alone, would not protect the ozone layer and would disadvantage American businesses in world markets.

International Negotiations. The U.S. is a party to the 1985 Vienna Convention for Protection of the Ozone Layer. (Note: Although the Convention is not in effect yet, we expect it will be ratified by a sufficient number of countries.) The President's ratification message to the Senate stated that this Convention addresses stratospheric ozone depletion "primarily by providing for international cooperation in research and exchange of information . . . and could also serve as a framework for negotiation of regulatory measures that might in the future be considered necessary. . . ." The U.S. has received considerable credit by some in Congress for its leadership role in the three negotiating sessions held thus far to develop an international agreement on control of the chemicals in question. However, some are concerned that not all emerging industrialized nations have participated in the negotiations. The U.S. interagency delegation has been guided by a Circular 175 approved under the authority of the Secretary of State, following approval by some agencies at various staff levels. The next negotiating session is scheduled for June 29, 1987 with a plenipotentiary conference scheduled in Montreal in September to sign the agreement.

Cost-Benefit. In a cost benefit analysis relying on EPA estimates of ozone depletion effects on cancer deaths thought 2165, the potential benefits of taking some actions to protect the ozone layer were found to be substantially greater than the costs of controlling the relevant chemicals. Cost benefit analysis suggests that both a freeze and a further 20-percent reduction of the ozone-depleting chemicals are economically justified. Further reductions are also indicated in a majority of cases, depending on information that will be acquired prior to taking such steps.

DISCUSSION: The most recent international negotiations have produced a Chairman's Text for an agreement based on the structure presented by the U.S. Each country has been asked to review this Text prior to the June 29 meetings. The Domestic Policy Council met on May 20 and June 11 to discuss the Chairman's Text, as well as the overall negotiations. The Council agreed that we should continue with negotiations.

ISSUE 1 -- PARTICIPATION AND ENTRY INTO FORCE OF THE PROTOCOL

Ideally, all nations that produce or use ozone-depleting chemicals should participate in the protocol if it is to address globally the ozone depletion problem. Otherwise, production of CFCs by nonparticipants could eventually offset reductions by the participating countries.

Which of the following positions should the U.S. delegation seek with regard to entry into force (EIF) and continuing effect of the protocol?

✓ Option 1. Entry into force of the protocol should occur only when a substantial proportion of producing/consuming countries as determined by the U.S. delegation have signed and ratified it.

_____ Option 2. Entry into force should occur only when, according to a pre-determined formula, essentially all major producing/consuming countries have signed and ratified the protocol.

_____ Option 3. Entry into force should occur when the specific minimum number of countries required by the Convention have signed and ratified the protocol, regardless of their production or consumption.

ISSUE 2 -- GRACE PERIOD FOR LESSER DEVELOPED COUNTRIES

To encourage participation by all countries, should lesser developed nations be given a limited grace period up to the year 2000, to allow some increases in their domestic consumption? This has been the U.S. position.

Yes ✓ No_____

ISSUE 3 -- VOTING

Should the U.S. delegation seek to negotiate a system of voting for protocol decisions that gives due weight to the significant producing and consuming countries?

Yes ✓ No_____

ISSUE 4 -- MONITORING AND ENFORCEMENT

Should the U.S. delegation seek strong provisions for monitoring, reporting, and enforcement to secure the best possible compliance with the protocol?

Yes ✓ No_____

ISSUE 5 -- CREDITS FOR PREVIOUS ACTION

Should the delegation seek a system of credits for emissions reduction for the 1978 U.S. ban of non-essential aerosols? In previous negotiations, other countries rejected this proposal, claiming that the U.S. is still the largest consumer of CFCs.

_____ Option 1. Yes.

This would assure the consideration of previous actions taken to deal with ozone depletion.

✓ Option 2. No.

This could stalemate the negotiations, and stimulate unnecessary proposals from other parties.

ISSUE 6 -- FREEZE

Should the U.S. delegation seek a freeze at 1986 levels on production/consumption of all seriously ozone-depleting chemicals (CFCs 11, 12, 113, 114, 115; Halons 1201 and 1311), to take effect one or two years after the protocol entry into force? This proposal is consistent with the Chairman's Text.

Yes ✓ No _____

A freeze will achieve a majority of the health and environmental benefits derived from retention of the ozone layer. It will also spur industry to develop substitutes for ozone-depleting chemicals. Halons are not presently mentioned in the Chairman's Text, but it is intended that they will be included. The earliest expected entry into force (EIF) date is 1988.

ISSUE 7 -- SCHEDULED 20% REDUCTION

Should the U.S. delegation seek a 20% reduction from 1986 levels of CFCs 11, 12, 113, 114 and 115, 4 years after EIF, about 1992, following the 1990 international review of scientific evidence?

✓ Option 1. The 20% reduction should take place automatically, unless reversed by a 2/3 vote of the parties.

This is consistent with the Chairman's Text and the Circular 175. CFC 113 has national defense applications for which there are currently no available substitutes.

_____ Option 2. The 20% reduction should take place only if a majority of the parties vote in favor following the 1990 scientific review.

_____ Option 3. Further reductions should not be scheduled at this time. We may later decide to seek these in light of future scientific evidence.

ISSUE 8 -- SECOND PHASE REDUCTION

Should the U.S. delegation seek a second-phase CFC reduction of an additional 30% from 1986 levels, consistent with the Chairman's Text? This would occur about 8 years after EIF (about 1996).

_____ Option 1. Yes, and this should occur automatically, unless reversed by a 2/3 vote of parties, following scientific review.

✓ Option 2. Yes, and this should occur only if a majority of the protocol parties vote in favor, following scientific reviews.

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ISSUE 9 -- LONG RANGE OBJECTIVE

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

Yes ✓ No_____

CEQ believes the ultimate objective is development of substitute non-ozone-depleting chemicals.

ISSUE 10 -- TRADE PROVISIONS

The international negotiations have focused on a trade provision 1) to insure that countries are not able to profit from not participating in the international agreement, and 2) to insure that U.S. industry is not disadvantaged in any way through participation.

What should be the nature of any trade article sought for the protocol by the U.S. delegation?

✓ Option 1. Seek a provision which will best protect U.S. industry in world markets, by authorizing trade restrictions against CFC-related imports from countries which do not join or comply with the protocol provisions.

_____ Option 2. Do not seek a trade article for the protocol.

R Bledsoe

Attachment

TALKING POINTS ON SPECIFIC ISSUES

ISSUE 1 -- PARTICIPATION AND ENTRY INTO FORCE.

[We do not want Option 2 because that would effectively preclude us from signing the protocol. Bringing the entire world into agreement will take time.]

ISSUE 2 -- GRACE PERIOD FOR LESSER DEVELOPED COUNTRIES

[Giving these low-consuming countries a grace period will actually help protect the ozone layer, because it will encourage their participation in the protocol.]

ISSUE 3 -- VOTING

[No disagreement.]

ISSUE 4 -- MONITORING AND ENFORCEMENT

[No disagreement.]

ISSUE 5 -- CREDITS FOR PREVIOUS ACTIONS

[We oppose Option 1 because (i) it has been rejected in the past, so that raising it anew could derail the negotiations, and (ii) U.S. cumulative emissions since 1958 on a per capita basis have been about twice those of the EC. Current U.S. annual emissions on a per capita basis are about the same as those of the EC. Raising this issue could work against us.]

ISSUE 6 -- FREEZE

[No disagreement.]

ISSUE 7 -- SCHEDULED 20% REDUCTION

- Cost/benefit analysis shows that we can commit to taking this step on the basis of information we have now, with a high probability that the benefits will outweigh the costs.

- The 20% reduction can largely be accomplished without new substitute chemicals, but will encourage the development of those substitutes because it will make clear that further reductions are possible.

- To retreat from the Chairman's text would be inconsistent with our previous negotiating position and would increase the risks of unilateral action by Congress or the courts.

ISSUE 8 -- SECOND PHASE REDUCTIONS

- Cost/benefit analysis would support making the additional 30% cut under most, but not all, of the economic assumptions considered, if the decision had to be made on the basis of information available now. However, we do not have to decide on the second phase reduction at this time. Better information, including more data on the cost of substitutes, will be available before the decision must be made.

- The delegation should be given flexibility in its approach to the second phase reduction(s). One possible negotiating strategy would be to back off, for example, on requiring a 2/3 negative vote to prevent a scheduled reduction, in return for concessions in other areas (i.e., increasing coverage of chemicals and countries).

- Option 2 is very close to requiring a majority vote to <u>prevent</u> a scheduled second phase reduction. The negotiators should have some flexibility here.

ISSUE 9 -- LONG RANGE OBJECTIVE.

[No disagreement.]

ISSUE 10 -- TRADE PROVISIONS

[In general, CEA does not like trade restrictions. The purpose of a trade article in the protocol is to provide an inducement for all countries to join. If successful, the trade restrictions will not have to be imposed. The trade restrictions should be confined at this time to bulk CFCs and products containing CFCs.]

Initial comments

DOMESTIC POLICY COUNCIL

June 11, 1987

STRATOSPHERIC OZONE - BENEFITS AND COSTS

- Interagency process has been arduous.
  - -- Not all differences in assumptions have been reconciled.
  - -- Purpose is to present "best judgment" on range of estimates and assumptions, recognizing that this will not represent unanimity among agencies.

- Concept of economic cost of control actions is relatively straightforward.
  - -- Calculate total present discounted value of costs of cutting back CFC's and moving to substitutes.
  - -- Costs will be shown as a range reflecting alternative ~~assumptions about~~ estimates of the growth of demand.

- Concept of economic benefits much more difficult, because the largest benefit, from perspective of U.S. and in terms of current knowledge, is the benefit from avoiding a large number of skin cancer deaths in the future.
  - -- How to put an economic value on lives saved?
  - -- How to account for the fact that these benefits will accrue mostly to future generations?
  - -- We will follow recommendation of the Working Group Subcommittee on Benefits and Costs, and report results under a range of assumptions selected by the Subcommittee.

- Valuation of deaths averted.
  - -- Shorthand way of expressing how much society would be willing to pay to reduce the skin cancer risk from ozone depletion.
  - -- Estimates based on people's willingness to pay to avoid risks -- a market-based concept grounded in empirical data.
  - -- Economists (and the agencies) do not have a consensus value. CEA however agrees with Working Group Subcommittee on Benefits and Costs recommendation to report initial values of $2 million and $4 million.

- Discounting of future benefits.
  - -- Agencies disagree on discount rate to use; we concur however, with Working Group Subcommittee recommendation to report 4% and 6%. This is an attempt to bracket what the average real rate of return on capital over the entire economy actually is.
  - -- Real rate of return on capital is what future generations would use if they could make the decision.
  - -- Using a discount rate higher than the real rate of return on capital means placing less weight on well-being of our children and grandchildren than we place on our own.
  - -- Using a discount rate lower than the real rate of return on capital would overestimate benefits more than it would overestimate costs.

-- There is, however another way to view the decision. The cost of controlling the CFCs may be likened to the cost of an insurance policy against a very bad, but somewhat uncertain, outcome, i.e. severe depletion of the ozone layer. People and governments require lower rates of return on insurance investments than on other investments, suggesting use of a lower discount rate in this case.

o Comparison of benefits and costs. [See Handout.]

-- Benefits of the freeze substantially outweigh the costs. [Chart 1] This is true in all cases reported. [Chart 2]

[[Note: If asked, the cases are: 2 initial values of life
2 growth rates for value of life
2 discount rates
4 time profile of when deaths would occur
32 cases in all.]]

-- On average [Chart 1] and in almost all cases reported [Chart 2], the benefits of the additional 20% reduction exceed the costs.

-- On average [Chart 1] and in ~~most~~ the majority of cases [Chart 2], the benefits of the additional 30% reduction exceed the costs. However, case less strong.

-- Conclusion:

* Freeze is clearly indicated.
* Next 20% reduction should also be done, with very high probability of being right.
* Next 30% reduction ~~also likely to be called for~~, may also be justified, but better information will be available before taking the step. ~~I~~ Include it in the protocol, but require a positive vote before implementing it. don't should be used.

o Commend EPA on the thoroughness and high standard of its Risk Assessment.

-- Strongly recommend increase in research budget (currently less than $1 million per year) to get further information on immune system, crop, and aquatic effects in time for the scientific, technical, and economic review before the 30% cut. ~~I~~ EPA believes $6-10 million per year would be needed. In comparison to over $100 million per year on the atmospheric research.

TABLE 1: COMPARISON OF BENEFITS AND COSTS OF CFC CONTROL STEPS

Step	BENEFITS* (billions of dollars) Discount Rate 4%	BENEFITS* (billions of dollars) Discount Rate 6%	COSTS** (billions of dollars) Discount Rate 4%	COSTS** (billions of dollars) Discount Rate 6%
(No action) to (Freeze)	$739	$131	$1.6 - $3.3	$1.0 - $1.4
(Freeze) to (Freeze + 20%)	34	6.4	3.5 - 7.0	2.2 - 3.0
(Freeze + 20%) to (Freeze + 50%)	58	11	9.2 - 18.7	5.8 - 8.0

---

*Assumptions for Benefits Calculations:

(1) Deaths averted and scenarios for "Freeze" and cuts corresond to deaths averted and scenarios for health effects estimates. E.g., "Freeze" is a "Protocol Freeze," not a true global freeze, etc.

(2) Benefits and costs as shown in Table are incremental benefits and costs of indicated steps. Present values of marginal benefits are averaged over ranges of parameters reported by Working Group Subcommittee on Benefits and Costs:
- Value of life initially: $2,000,000; $4,000,000
- Increase in value of life over time: growth at 2% per year; value of life constant.
- Four different time profiles for deaths averted

(3) Benefits calculated for premature skin cancer deaths averted only. Benefits for preventing non-fatal skin cancers, cataracts, and other economic damages would be additive.

**Assumptions for Cost Calculations:

(1) Low ends of ranges: marginal costs grow at .625% per year forever.

(2) High ends of ranges: marginal costs grow at 2.5% per year forever.

TABLE 2: SENSITIVITY ANALYSIS--COMPARISON OF BENEFITS AND COSTS UNDER DIFFERENT ASSUMPTIONS

Step	Percent of cases in which benefits exceed costs	Percent of cases in which benefits approximately equal costs	Percent of cases in which benefits are less than costs
(No Action) to (Freeze)	100%	0%	0%
(Freeze) to (Freeze 20%)	78%	3%	19%
(Freeze + 20%) to (Freeze + 50%)	56%	19%	25%

Assumptions: Same as Table 1.

THE WHITE HOUSE
WASHINGTON

Action; S. DeCanio
cc: BWS
TGM

CABINET AFFAIRS STAFFING MEMORANDUM

Date: June 17, 1987 **Number:** 490,664 **Due By:** _____

Subject: Domestic Policy Council Meeting with the President -- Stratospheric Ozone

	Action	FYI
ALL CABINET MEMBERS	☐	☐
Vice President	☑	☐
State	☑	☐
Treasury	☑	☐
Defense	☑	☐
Justice	☑	☐
Interior	☑	☐
Agriculture	☑	☐
Commerce	☑	☐
Labor	☐	☐
HHS	☑	☐
HUD	☑	☐
Transportation	☐	☐
Energy	☑	☐
Education	☑	☐
Chief of Staff	☑	☐
OMB	☑	☐
UN	☐	☐
USTR	☑	☐
CIA	☐	☐
EPA	☑	☐
GSA	☐	☐
NASA	☐	☐
OPM	☐	☐
SBA	☐	☐
VA	☐	☐

	Action	FYI
CEA	☑	☐
CEQ	☑	☐
OSTP	☑	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
Carlucci	☑	☐
Cribb	☑	☐
Bauer	☑	☐
Dawson *(For WH Staffing)*	☑	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
Executive Secretary for:		
DPC	☑	☐
EPC	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐
_____	☐	☐

REMARKS: The Domestic Policy Council will meet tomorrow, June 18, 1987, at 2:00 p.m. in the Cabinet Room. The agenda and background papers are attached for your review.

RETURN TO:

☑ Nancy J. Risque
Cabinet Secretary
456-2823
(Ground Floor, West Wing)

☐ Associate Director
Office of Cabinet Affairs
456–2800
(Room 235, OEOB)

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: RALPH C. BLEDSOE
Executive Secretary

SUBJECT: Domestic Policy Council Meeting of June 18

Attached are an agenda and materials for the Domestic Policy Council meeting with the President on Thursday, June 18, 1987 at 2:00 p.m. in the Cabinet Room. The topic to be discussed is Stratospheric Ozone.

The background paper contains a listing of issues pertaining to this topic which were reviewed by the Council on May 20 and June 11. The purpose of the meeting will be to seek the President's guidance for the U.S. delegation to the international negotiations on a protocol for reducing depletion of the stratospheric ozone layer.

Attachment

THE WHITE HOUSE

WASHINGTON

DOMESTIC POLICY COUNCIL

Thursday, June 18, 1987

2:00 p.m.

Cabinet Room

AGENDA

1. Stratospheric Ozone -- Lee M. Thomas
Administrator
Environmental Protection Agency

THE WHITE HOUSE

WASHINGTON

June 17, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

SUBJECT: Stratospheric Ozone

ISSUE: What guidance should the U.S. delegation be given for the next stages of international negotiation of an agreement for regulation of chemicals believed capable of future depletion of stratospheric ozone?

BACKGROUND:

Beginning in the 1970's, concerns were expressed in some parts of the scientific community that continued growth in the use of certain chemicals would result in future depletion of stratospheric ozone. Scientists' models predict this could cause adverse health and environmental effects, including increased skin cancer deaths, cataracts, effects on the immune system, damage to crops and materials and impacts on aquatic life. Other scientists believe that some of these projections, which extend as far as the year 2165, do not accurately account for numerous scientific uncertainties and for future technological, scientific, medical and behavioral changes that may occur. The chemicals in question, chlorofluorocarbons (CFCs) and Halons, are used commercially in refrigerators, building and mobile air-conditioners, foam insulation and fire extinguishers, and by the electronics industry. Some of them have important national defense applications for which there are currently no substitutes.

Based on their models, most scientists now believe that significant ozone depletion is likely to occur by the year 2040 unless global action is taken to control the chemicals at issue, even though there are numerous medical and scientific uncertainties about the potential impacts of such depletion. Ideally, any freeze or reduction in CFCs should be based on reliable scientific evidence that use of CFCs will cause depletion of stratospheric ozone. While there are differing views within the Council on the reliability of the scientific evidence available at this time, the long life of CFC accumulations, and the consequent risk assessments associated with projected ozone depletion argue for strong action to secure an international agreement this year, with provision for future scientific assessment. Since U.S. participation in an international agreement will require domestic regulations, the Domestic Policy Council will address these and potential non-regulatory options as additional policy guidance is needed.

Congressional Interest. Concern over the predicted depletion of ozone led Congress to add an ozone protection section to the Clean Air Act in 1977 and led EPA to ban CFC aerosols in 1978. Some other countries subsequently implemented partial bans of CFC aerosol use. Currently, there is strong congressional pressure for additional action to protect the ozone layer. The Senate has passed a resolution calling for a strong international agreement, and urging an automatic reduction in CFC production of fifty percent. If an effective international agreement is not reached, and we fail to secure firm and concrete commitments from other countries, Congress and the courts may require unilateral domestic reductions of the chemicals in question. Such U.S. action, alone, would not protect the ozone layer and would disadvantage American businesses in world markets.

International Negotiations. The U.S. is a party to the 1985 Vienna Convention for Protection of the Ozone Layer. (Note: Although the Convention is not in effect yet, we expect it will be ratified by a sufficient number of countries.) The President's ratification message to the Senate stated that this Convention addresses stratospheric ozone depletion "primarily by providing for international cooperation in research and exchange of information . . . and could also serve as a framework for negotiation of regulatory measures that might in the future be considered necessary. . . ." The U.S. has received considerable credit by some in Congress for its leadership role in the three negotiating sessions held thus far to develop an international agreement on control of the chemicals in question. However, some are concerned that not all emerging industrialized nations have participated in the negotiations. The U.S. interagency delegation has been guided by a Circular 175 approved under the authority of the Secretary of State, following approval by some agencies at various staff levels. The next negotiating session is scheduled for June 29, 1987 with a plenipotentiary conference scheduled in Montreal in September to sign the agreement.

Cost-Benefit. In a cost benefit analysis relying on EPA estimates of ozone depletion effects on cancer deaths thought 2165, the potential benefits of taking some actions to protect the ozone layer were found to be substantially greater than the costs of controlling the relevant chemicals. Cost benefit analysis suggests that both a freeze and a further 20-percent reduction of the ozone-depleting chemicals are economically justified. Further reductions are also indicated in a majority of cases, depending on information that will be acquired prior to taking such steps.

DISCUSSION: The most recent international negotiations have produced a Chairman's Text for an agreement based on the structure presented by the U.S. Each country has been asked to review this Text prior to the June 29 meetings. The Domestic Policy Council met on May 20 and June 11 to discuss the Chairman's Text, as well as the overall negotiations. The Council agreed that we should continue with negotiations.

ISSUE 1 -- PARTICIPATION AND ENTRY INTO FORCE OF THE PROTOCOL

Ideally, all nations that produce or use ozone-depleting chemicals should participate in the protocol if it is to address globally the ozone depletion problem. Otherwise, production of CFCs by nonparticipants could eventually offset reductions by the participating countries.

Which of the following positions should the U.S. delegation seek with regard to entry into force (EIF) and continuing effect of the protocol?

_____ Option 1. Entry into force of the protocol should occur only when a substantial proportion of producing/consuming countries as determined by the U.S. delegation have signed and ratified it.

_____ Option 2. Entry into force should occur only when, according to a pre-determined formula, essentially all major producing/consuming countries have signed and ratified the protocol.

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ISSUE 2 -- GRACE PERIOD FOR LESSER DEVELOPED COUNTRIES

To encourage participation by all countries, should lesser developed nations be given a limited grace period up to the year 2000, to allow some increases in their domestic consumption? This has been the U.S. position.

Yes_____ No_____

ISSUE 3 -- VOTING

Should the U.S. delegation seek to negotiate a system of voting for protocol decisions that gives due weight to the significant producing and consuming countries?

Yes_____ No_____

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Should the U.S. delegation seek strong provisions for monitoring, reporting, and enforcement to secure the best possible compliance with the protocol?

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ISSUE 5 -- CREDITS FOR PREVIOUS ACTION

Should the delegation seek a system of credits for emissions reduction for the 1978 U.S. ban of non-essential aerosols? In previous negotiations, other countries rejected this proposal, claiming that the U.S. is still the largest consumer of CFCs.

_____ Option 1. Yes.

This would assure the consideration of previous actions taken to deal with ozone depletion.

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This could stalemate the negotiations, and stimulate unnecessary proposals from other parties.

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Yes_____ No_____

A freeze will achieve a majority of the health and environmental benefits derived from retention of the ozone layer. It will also spur industry to develop substitutes for ozone-depleting chemicals. Halons are not presently mentioned in the Chairman's Text, but it is intended that they will be included. The earliest expected entry into force (EIF) date is 1988.

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This is consistent with the Chairman's Text and the Circular 175. CFC 113 has national defense applications for which there are currently no available substitutes.

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CEQ believes the ultimate objective is development of substitute non-ozone-depleting chemicals.

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What should be the nature of any trade article sought for the protocol by the U.S. delegation?

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R Bledsoe

Attachment