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WITHDRAWAL SHEET

Ronald Reagan Library

Collection: BLEDSOE, RALPH: Files
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 (June 1987 To August 1987) [1]

Archivist: lov/lov
FOIA ID: F00-013, Metzger
Date: 08/08/2000

DOCUMENT NO. & TYPE	SUBJECT/TITLE	DATE	RESTRICTION
1. memo	Nancy Risque to the President, re stratospheric ozone decision memo. 1p <i>R 6/26/06 NLSFOU-008013 #12</i>	6/25/87	P1/F1
2. memo	Ronald Reagan to Vice President et al, re negotiations, 2p <i>cc ~ #13</i>	6/25/87	P1/F1
3. cable	011644Z Jul 87, 2p <i>R 1/10/03 F00-013 #14</i>	7/1/87	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].

C. Closed in accordance with restrictions contained in donor's deed of gift.

F-1 National security classified information [(b)(1) of the FOIA].
 F-2 Release could disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA].
 F-3 Release would violate a Federal statute [(b)(3) of the FOIA].
 F-4 Release would disclose trade secrets or confidential commercial or financial information [(b)(4) of the FOIA].
 F-6 Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA].
 F-7 Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA].
 F-8 Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA].
 F-9 Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA].

June 9, 1987

White House Domestic Policy Council
Old Executive Office Building
Washington, District of Columbia 20500

re: UNEP Proposal for chlorofluorocarbon cutbacks

To whom it may concern:

We, the undersigned, are concerned about the weakening United States support of the draft treaty signed by 28 nations in Geneva last April. We want to see a strong United States backing of this international accord. It is only through a combined effort of all large industrial nations that depletion of the ozone layer and its disastrous consequences can be stopped.

Vicki -
Pls. prepare a response.
Thy RB

<u>Name</u>	<u>Address</u>
Jenna St. John	4220 Los Palos Ave. Palo Alto CA 94306
Ann M. Schipper	352 Ruth Ave Mtn View CA 94043
MICHAEL SCIALCER	580 AHWAHNEE SP#82 Sunnyvale, Ca. 94086
Lyette McCoy	2148 Woodward Drive Los Altos Ca, 94022
Fred Schimschiner	1669 Peacock Ave Sunnyvale, Ca 94087
Mary Campbell	3946 Louis Rd, Palo Alto, Ca 94305
Nicole Zolner	1340 Oakhurst Ave Los Altos, CA 94022
Jan McDonald	519 Emmons Dr Mountain View, Ca 94043
J. FLAHERTY	32 Willow Menlo Park 94025
Roy Spillig	792 Marston Palo Alto Ca 94303
Richard A. Meyer	872 Fielding Dr. Palo Alto 94303
Allen A. Strum	4220 Los Palos Ave Palo Alto Ca. 94306

THE WHITE HOUSE

WASHINGTON

4/15

July 7, 1987

Red }
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Rid }
Rod }

Noelle Redolis } NO
(n?)

Roehrs?

1350

P }
or } on Oakhurst -
B } none.

N. Rudolin
1340 Oakhurst Avenue
Los Altos, California 94022

Dear N. Rudolin:

Thank you for the petition signed by you and eleven of your neighbors requesting strong U.S. support for an international agreement to prevent depletion of the ozone layer. At President Reagan's direction, the U.S. Government has ratified the Vienna Convention for the Protection of the Ozone Layer and is continuing to lead the ongoing international negotiations toward a protocol on the control of ozone-depleting chemicals.

As you may know by now, an intensive inter-agency review has resulted in the President recently affirming U.S. support of an effective international protocol to control ozone-depleting chemicals. The U.S. delegation to the international ozone negotiations is pursuing this objective, and it is anticipated that an acceptable agreement can be signed in Montreal in September. It truly will take an effort by the large individual countries to protect the stratospheric ozone layer.

Again, thank you for expressing your concern to us on this important issue.

Sincerely,

Ralph C. Bledsoe
Special Assistant to the President

THE WHITE HOUSE

WASHINGTON

July 7, 1987

Mr. Gary Squisley
792 Montros
Palo Alto, California 94803

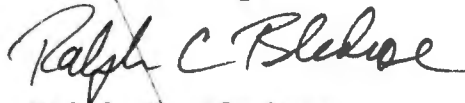
Dear Mr. Squisley:

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Again, thank you for expressing your concern to us on this important issue.

Sincerely,



Ralph C. Bledsoe
Special Assistant to the President

MEMORANDUM
OF CALL

Print name of your caller

YOU WERE CALLED BY - YOU WERE VISITED BY -

RCB

OF (Organization)

PLEASE PHONE FTE AUTODIAL

WILL CALL AGAIN IS WHAT YOU WISH

RETURNED YOUR CALL WISHES AN APPOINTMENT

What option
do you prefer?

Thx -
MB

RECEIVED BY _____ DATE _____ TIME _____

July 15, 1987

MaryBeth:

We can't decipher these two names with any degree of confidence.

I would make several suggestions if I may:

1) Had these petitions been addressed to the President, they would probably not have been acknowledged. Petitions are rarely acknowledged.

2) If you choose to acknowledge these folks, to ignore the illegible signatures will not cause the world to stop spinning.

3) Did you tell me that you ask the Post Office staff here in the OEOB to assist in deciphering the Palo Alto street address? If not I would think that they would be the definitive source of guidance.

4) If the PO people are successful in determining the street address, then if you decide to send a letter to the Palo Alto and Los Altos individuals, you could simply address the envelope "Resident", explaining in the letter inside that you were forced to use this impersonal form due to an inability to read the signature.

*Sony
Jerry*

THE WHITE HOUSE
WASHINGTON

7/7/87

Terry:

As always, I appreciate your willingness to help out. Per our conversation, I've attached the petition (original and one copy) for your experts to decipher the spelling.

#7 - need first and last name
(and is it Mr. or Ms.?!)

#10 - We have no idea as to what Gary's last name is, and are not sure of street name, either.

Thanks for your help.

MaryBeth Riordan
X6640
Room 200

June 9, 1987

White House Domestic Policy Council
Old Executive Office Building
Washington, District of Columbia 20500

re: UNEP Proposal for chlorofluorocarbon cutbacks

To whom it may concern:

We, the undersigned, are concerned about the weakening United States support of the draft treaty signed by 28 nations in Geneva last April. We want to see a strong United States backing of this international accord. It is only through a combined effort of all large industrial nations that depletion of the ozone layer and its disastrous consequences can be stopped.

Name

Address

Jawwa St. John	4220 Los Palos Ave	Palo Alto CA 94306
Ann M Schupp	352 Rush Ave	Mtn View CA 94043
MICHAEL SCOTACER	580 AHUANEI SP#82	SUNNYVALE, Ca. 94086
Leotta McCoy	2148 Neodunadrine	Los Altos, Ca 94022
Fred Schindler	1662 Peacock Ave	Sunnyvale, Ca 94087
Mary Campbell	3946 Louis Rd.	Palo Alto, Ca 94305
Noble Rodini	1340 Oakhurst Ave.	Los Altos, CA 94022
Jean McDonald	519 Emmons Dr.	Mountain View, Ca 94043
T. FLAHERTY	32 Willow	Menlo Park 94025
Ray Aquilino	792 Nantros.	Palo Alto Ca 94303
Richard A. Meyer	872 Fielding Dr.	Palo Alto 94303
Gilbert A. Strum	4220 Los Palos Ave	Palo Alto Ca. 94306

4220 Los Padres Ave
Palo Alto CA 94306

White House Domestic Policy Council
Old Executive Office Building
Washington, D.C. 20500



PRESERVATION COPY

June 9, 1987

White House Domestic Policy Council
Old Executive Office Building
Washington, District of Columbia 20500

re: UNEP Proposal for chlorofluorocarbon cutbacks

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Anne M. Whipple 352 Ruth Ave. Mtn View CA 94043

MICHAEL SCITACER 580 AHUANEZ SP#82 Sunnyvale, Ca. 94086

Kathie McCoy 3108 Altona Drive. San Jose, Ca. 95122

Fred Schinsheimer 1660. Parcock Ave. Sunnyvale, Ca 94087

Mary Campbell 5916 Louis Rd. Palo Alto, Ca 94305

→ Norrie Zolner 1340 Oakhurst Ave Los Altos, CA 94022

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Richard A. Meyer 872 Fielding Dr. Palo Alto 94303

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THE WHITE HOUSE

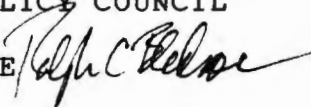
WASHINGTON

June 10, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM:

RALPH C. BLEDSOE



SUBJECT:

Domestic Policy Council Meeting on June 11, 1987

Attached are an agenda and materials for the Domestic Policy Council meeting scheduled for Thursday, June 11, 1987 at 11:00 a.m. in the Roosevelt Room. The agenda item to be discussed is Stratospheric Ozone.

This will be a continuation of the discussion at the May 20 meeting, at which additional information was requested on the legal and legislative, health, climatic, and cost/benefit aspects of this issue. The attached paper contains a brief description of these, and includes additional points for discussion about the U.S. positions that should be taken during the international negotiations.

Attachments

THE WHITE HOUSE
WASHINGTON

DOMESTIC POLICY COUNCIL

Thursday, June 11, 1987

11:00 a.m.

Roosevelt Room

AGENDA

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

Beryl W. Sprinkel
Chairman
Council of Economic Advisers

THE WHITE HOUSE

WASHINGTON

June 10, 1987

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: THE ENERGY, NATURAL RESOURCES & ENVIRONMENT
WORKING GROUP *RCH*

SUBJECT: Stratospheric Ozone

On May 20, 1987, the Council met to discuss the international protocol negotiations currently underway to limit emissions of ozone depleting chemicals. Several questions were raised and the Working Group was asked to provide answers. The questions were:

- * What are the legislative and legal impacts of an international ozone protocol?
- * What are the most up-to-date scientific data on climatic and health effects of ozone depletion?
- * What is the cost/benefit effect of an international protocol restricting ozone depleting chemicals?

The following has been summarized by the Working Group after discussion of detailed presentations by experts in each area.

Climatic and Atmospheric

- o Since 1960 the natural variability of the total global column of ozone has been about 3%.
- o Observations have shown (1) a decrease in ozone of about 7% during the last decade in the upper part of the stratosphere; and (2) a 40% decrease in total column ozone over Antarctica in the spring season since the mid-1970's. Whether the recent changes in column and upper stratospheric ozone are due to natural phenomena or in part to CFCs remains an open question.
- o Continued growth of CFC and Halon emissions at 3% per year is predicted to yield a globally averaged ozone depletion of 6% by the year 2040, and more thereafter, which would be greater than natural variability. In contrast, a true global freeze on emissions of CFCs and Halons (i.e. full international participation, full chemical coverage, and full compliance) is predicted to yield a maximum global average column ozone depletion of less than 1%. Ozone depletions at high latitudes are predicted to be 2-3 times larger than the global average.
- o A true global freeze would limit column ozone depletion to less than the natural variability. A protocol freeze would fall short of a true global freeze as it would have less than

full compliance among developed countries and would most likely allow for limited growth in CFC usage in developing countries.

- o Ozone depletion in the upper part of the stratosphere greater than 25% is predicted to occur even in the case of a true global freeze. This would lead to a local cooling greater than natural variability. The consequences of this cooling for the earth's climate cannot be predicted at this time.
- o There is an uncertainty factor of two to three in the predictive abilities of the theoretical models used to simulate the present atmosphere.
- o If there is environmental damage due to CFCs and Halons, their long atmospheric lifetimes would mean that recovery would take many decades even after complete cessation of emissions.

Health and Ecological Effects

- o Projected ozone depletion will increase health effects of ultraviolet radiation (UVB)
 - Without ozone depletion, projections show UVB is a serious problem, and will cause:
 - 2,977,000 skin cancer deaths of Americans born before 2075,
 - 165 million skin cancer cases,
 - 426,516,000 cataracts.
 - If the predicted 25% depletion of ozone in the upper stratosphere occurs by 2075, UVB related health effects would increase by:
 - 2 million additional skin cancer deaths,
 - 98 million additional skin cancer cases,
 - 43 million additional cataracts.
 - If upper stratospheric depletion of 7.7% occurs instead (as predicted to result from a protocol freeze with less than full compliance and limited emissions growth in developing countries),
 - 1.6 million additional American deaths would be averted,
 - 79 million additional skin cancer cases would be averted,
 - 32 million additional cataracts would be averted.
 - If upper stratospheric depletion of 6.1% occurs (as predicted to result from a 20% emissions reduction protocol with less than full compliance and limited emissions growth in developing countries) incrementally,
 - 80,000 additional American deaths would be averted,
 - 4 million additional skin cancer cases would be averted,

- 2 million additional cataracts would be averted.
- If upper stratospheric depletion of 3.2% occurs (as predicted to result from a 50% emissions reduction protocol with less than full compliance and limited emissions growth in developing countries) incrementally,
 - 130 thousand additional American deaths would be averted,
 - 7 million additional skin cancer cases would be averted,
 - 7 million additional cataracts would be averted.
- Uncertainties include future ozone depletion, the action spectra and estimates of dose-response coefficients.
 - The analysis assumes no behavioral changes.
 - Considering quantifiable uncertainties, there is a 50% chance that the actual damages will be between 50% and 125% of the above estimates.
 - There is a 90% chance that the actual damages will be between 20% and 260% of the above estimates.
- Laboratory studies link UVB with suppression of the immune system.
 - Evidence suggests a relationship to infectious disease.
 - A relationship has been demonstrated in herpes simplex and the tropical disease, leishmanias.
- o Evidence supports the conclusion that ozone depletion would exacerbate existing environmental problems.
 - Photochemical air pollution in places like Los Angeles would probably worsen.
 - The lifetime of outdoor plastics and latex paints would be shortened.
- o Evidence supports the conclusion that ozone depletion could seriously influence crops and aquatics.
 - Knowledge is limited, but experimental data indicate crop production may be reduced and ecosystems disturbed.
 - Field experiments have not been done, but laboratory data indicate aquatic organisms are sensitive to higher UVB, especially during critical breeding seasons.
- o Higher emissions of CFCs and its indirect effects of vertical ozone re-distribution will raise global temperatures and change climate.

Cost/Benefit

- o Cost/benefit analysis has been carried out for known health effects (skin cancer deaths, non-fatal skin cancers, cataracts) based on EPA's Risk Assessment.
- o Potential effects of ozone depletion on plants, aquatic life, the human immune system, ground-level ozone concentrations, polymer degradation, and sea level rise were not quantified.
- o A range of assumptions were used in the analysis to reflect economic uncertainties and lack of inter-agency consensus on the values of key parameters.
- o The analysis is based on EPA models which attempt to project health impacts through year 2165 and assume no changes in technology, medicine or human behavior.
- o Conclusions:
 - The economic benefits from a protocol freeze (at 1986 levels with less than full international participation) of CFC emissions are substantially greater than the costs over all plausible assumptions and ranges of uncertainty.
 - The economic benefits of a protocol freeze plus a 20% reduction in CFC emissions are also in almost all cases substantially in excess of the costs.
 - The incremental benefits of the additional 20% reduction beyond the freeze are in most cases in excess of the incremental costs of the cut.
 - The benefits of an additional 30% reduction (beyond the freeze plus 20% reduction) appear in some cases to be greater than the incremental costs, and in other cases to be less. Further scientific, technical, and economic review will be valuable in evaluating benefits and costs before implementing this step.

ISSUES AND DISCUSSION

At the May 20 Council meeting, the status of the international ozone negotiations was provided. It included a review of the November 28, 1986 Circular 175, which was approved by Under Secretary of State Allen Wallis, and which authorized the U.S. delegation to negotiate a protocol. The approval process for the Circular 175 has been criticized by some members of the Working Group, on the basis that numerous departments and agencies had not concurred on the Circular, or that concurrence was by individuals not at policy-making levels. The Circular 175 authorized

the U.S. delegation to negotiate a protocol providing for:

I. A near-term freeze on the combined emissions of the most ozone-depleting substances;

II. A long-term scheduled reduction of emissions of these chemicals down to the point of eliminating emissions from all but limited uses for which no substitutes are commercially available (such reduction could be as much as 95%), subject to III; and

III. Periodic review of the protocol provisions based upon regular assessment of the science. The review could remove or add chemicals, or change the schedule or the emission reduction target.

The international negotiations to date have resulted in a Chairman's Text, a proposed protocol to which negotiating countries have been asked to respond.

The Working Group recommends that the Council support continuation of negotiations pursuant to the current Circular 175. The Working Group also recommends however, that additional guidance be given to the U.S. negotiators, based on reviews by a wider range of agencies such as those represented on the Council.

The following are issues for which the Working Group feels additional guidance to the negotiators may be appropriate.

A. PARTICIPATION AND TRADE PROVISIONS

There are many complex issues pertaining to fair trade provisions and participation of developing countries in the protocol.

1. What should be the U.S. position regarding international participation in the protocol?

The Working Group feels that the U.S. delegation should seek maximum international participation in the protocol. To many, participation is the key issue, because growth of emissions from non-participating countries would offset the emissions reductions of those who are parties to the protocol, thereby hindering overall attainment of protocol objectives.

Developing countries are an important part of the participation issue. While the 48 countries participating in the protocol negotiations account for over 90% of the current production, substantial growth of production and consumption is anticipated in developing countries. The U.S. and the United Nations Environment Program (UNEP) have expended considerable effort to encourage broad participation by developing countries. However, only relatively few have shown the interest or the expertise to participate. Parties to the protocol would not be able to prevent non-joining countries from producing CFCs for their

internal market or from exporting to other non-parties, but, if the protocol provides for trade sanctions, parties could prevent non-parties from profiting through international trade with protocol parties.

A strong protocol, including the major producing and consuming countries, should lead to earlier development of substitute products, and might discourage non-joiners from investing heavily in CFC technology that would not generate trade with parties to the protocol. Further, some believe that the very existence of a protocol, as an expression of concern by the international community, increases the pressure on non-member countries to join; in essence, if they continue to produce CFCs, they are exposed as behaving irresponsibly on a matter of global import.

The following options are proposed for the Council's consideration:

- a. Give the U.S. delegation discretion for seeking maximum participation.
- b. Develop criteria for acceptable levels of participation, e.g. minimum participation of countries producing a specified percentage of the total global CFC/Halon production; or a formula requiring minimum participation of countries accounting for a specified portion of the world population.
- c. Wait to reassess the U.S. position after we know the extent of participation by other countries.

To encourage the participation of developing countries, some parties favor granting developing countries a limited grace period from compliance with protocol provisions. Such a grace period would be allowed in recognition of the importance of having global participation in the 21st century, and in recognition of the fact that developing countries have not received the benefits of CFC and Halon use. The length of the grace period and the levels of production/consumption that would be permitted are questions that would need to be resolved.

2. Voting among parties to the protocol.

Also at issue is the voting process for making future decisions under the protocol. This could include decisions on future reductions. The Working Group recommends that the U.S. delegation negotiate for a system of voting which would give due weight to the major producing and consuming countries.

3. The control formula and trade provisions

The Working Group recommends that the Council direct the U.S. delegation to continue to seek to include in the protocol an effective formula to control emissions with accountability, the

fewest possible restrictions on the flow of trade and capital among parties, the most favorable formula for U.S. industry, stimulation of substitutes and innovative emission controls, and with no greater restriction on trade involving the U.S. than will be adopted and enforced by other nations.

Trade: The U.S. has pushed for a strong protocol article on trade sanctions to be imposed on parties which have not signed the protocol. This would limit imports not only of the controlled chemicals but also of products containing these chemicals (e.g., air conditioners or foam insulation). The U.S. has pushed for a study of the feasibility of limiting imports of products manufactured using the controlled chemicals (e.g., electronic equipment). The intent of the trade article would be to provide a "stick" for encouraging others to join and to limit the impact on ozone depletion and the transfer of commercial benefits from parties to the protocol to countries which have not joined.

This would represent a major policy decision, as it could be an important precedent for using trade sanctions to enforce environmental regulations. Also to be decided is whether trade sanctions should be applicable to parties who materially violate their protocol obligations.

Control Formula: Since it is not possible to measure emissions directly, the negotiators have explored alternative formulas to control emissions which consider production, consumption, imports and destruction.

4. Should the U.S. seek protocol provisions for reporting, monitoring, verification and enforcement provisions?

There are many complex issues relating to enforcement of a protocol. Because of the enforcement roles of EPA and U.S. environmental groups, our compliance with the protocol is apt to be substantial. Most other nations do not have such enforcement mechanisms. No monitoring or verification system has been identified to date. A system of on-site inspections for the presence of new or expanded CFC-producing facilities would be expensive and probably ineffective because of the large land areas involved.

Some Working Group members believe the U.S. should insist upon strong monitoring and reporting provisions in a protocol. Some favor the U.S. negotiating for strong provisions, and exploring the feasibility and cost effectiveness of establishing ad hoc inspection teams to investigate any alleged violations of protocol requirements. Trade provisions could at least prevent entry of such production into international trade with parties to the protocol.

The following options are presented for the Council's consideration:

a. Give the U.S. delegation discretion for seeking such provisions.

b. Insist that the protocol include such provisions.

5. Should the U.S. attempt to receive "credit" for its 1978 unilateral voluntary ban on CFC-producing non-essential aerosols?

Some believe that in addition to a freeze, other nations should ban non-essential aerosols as the U.S. did in 1978. Otherwise, many nations might be able to meet their obligation to reduce CFC emissions through the simple expedient of banning such aerosols, while the U.S. is required to cut back on other products using CFCs. One form of recognition may be to require other countries to ban non-essential aerosols in addition to meeting other protocol requirements.

The U.S. attempted unsuccessfully to get such credit two years ago during the negotiation of the Vienna Convention on the ozone layer, and some believe that if the U.S. were to insist upon such credit as a condition of a protocol, the negotiations would come to a standstill as in 1985. Some argue that even with the aerosol ban, the U.S. remains responsible for most of the long-lived CFCs in the stratosphere, and the U.S. per capita CFC consumption is still the world's highest.

The Working Group recommends that the Council consider and provide guidance for the U.S. delegation as to whether or not we should attempt to gain credit for our previous actions.

B. AN EMISSIONS CONTROL PROTOCOL

The aforementioned Chairman's Text contains proposals related to (1) a freeze on emissions, and (2) emissions reductions beyond a freeze. The Working Group discussed these at length.

1. A Freeze on Emissions. The following are major questions:

a. What chemicals should the freeze cover?

The Chairman's Text provides for a freeze on emissions at 1986 levels which would cover CFCs 11, 12, 113, 114, and 115. Due to a technicality, Halons are not now included.

The Working Group consensus is that the freeze should include all of these CFCs as well as Halons 1201 and 1311. The U.S. delegation will be seeking to expand the protocol to include the Halons.

From a purely scientific perspective all chemicals containing chlorine and bromine, weighted by the ozone depleting potential, should be considered for the protocol, both for the freeze and for potential future reductions. The Chairman's Text is somewhat less than a purely scientific perspective because only the fully halogenated chemicals (CFCs 11, 12, 113, 114 and 115, and Halons 1201 and 1311) are being considered for inclusion. Chemicals such as CFC 22 and methyl chloroform which are only partially halogenated are not being considered as they are believed to be part of the solution and have relatively low ozone depleting potential.

Concern has been raised with regards to reductions in Halons 1201 and 1311 and CFC 113 because of their strategic value to the U.S., and the apparent lack of suitable substitutes. This is a legitimate concern but one that can be handled if controls are on the sum of the ozone depleting potential of all chemicals, rather than on individual substances. This will allow each individual country the flexibility to live within the internationally agreed protocol with the least interference on how a country wants to implement the protocol.

b. When should a freeze on emissions occur?

The Chairman's Text proposes that the freeze take effect within two years of entry into force. There is uncertainty as to when entry into force will occur, but the best estimate is that it will be in the 1988-90 time period. The Working Group consensus is that a freeze on emissions should go into effect within one to two years after entry into force of the protocol.

2. Reductions Beyond a Freeze

a. What chemicals should the reductions cover?

The Chairman's Text proposes that the additional reductions beyond a freeze include CFCs 11, 12, 113, 114 and 115. The Working Group consensus is that any additional reductions should cover CFCs 11 and 12; however, there are questions about the coverage of CFCs 113, 114, 115, and Halons 1201 and 1311. National security concerns argue against including the Halons in any reductions. There is also a national defense and security concern with including CFC 113 in any reductions beyond a freeze, especially given 113's importance for certain high-technology electrical applications. The questions regarding coverage of CFCs 114 and 115 concern their potential use as substitutes for controlled chemicals and their present low usage.

b. How much and when?

The Chairman's Text provides for a 20% reduction to take effect 4 years after entry into force (1992-94) and an additional 30% reduction to take effect either 6 years (1994-96) or 8 years (1996-98) after entry into force.

With respect to any future reductions, the Working Group recognizes the importance of the future assessments of science, technology, economics and environment.

The Working Group identified distinct issues surrounding each potential reduction. With respect to the 20% reduction, some favor it because it can be accomplished with existing industrial processes and because reductions beyond a freeze may be needed to counterbalance less than full participation in a freeze. Yet others note there are uncertainties as to the need for any additional reductions.

Regarding the additional 30% reduction, some favor its inclusion on the basis of judgements about the science and potential adverse health effects. Others emphasize, however, the uncertainties about the need to commit at this time to this additional measure. One or more scientific reviews would be available prior to this reduction going into effect.

The Working Group recommends that the Council discuss and provide guidance on whether the U.S. position is to support:

1. A 20% reduction beyond a freeze.
2. An additional 30% reduction.
3. Additional reductions beyond 50%.

c. Should the reductions be automatic (subject to reversal by a 2/3 vote) or contingent upon a positive vote of a majority of the parties?

The Chairman's Text proposes an initial 20% reduction to take effect automatically (implicitly reversible by a 2/3 vote).

The Text provides two alternative implementing mechanisms for the next 30% reduction -- 6 years after entry into force if the majority of the parties so decide, or 8 years after entry into force unless reversed by a two-third majority of the parties.

There are strong views in the Working Group on the implementing mechanism for the additional 30% percent reduction. Many do not wish to commit to the reduction at this time unless it is contingent upon a positive vote of a majority of the parties. Others, however, believe the evidence warrants committing to this reduction at this time.

Most believe the future assessments of the science, technology, economics and environment are important to these reduction decisions. There are differing views, however, on how such future assessments ought to factor into reduction decisions. Some believe final reduction decisions ought to follow future

assessments, whereas others believe reductions should be scheduled now with an opportunity for reversal based upon future assessments.

The Working Group recommends that the Council provide guidance on whether the U.S. should support automatic reductions of:

- a. 20% beyond the freeze.
- b. an additional 30%.

C. ISSUES FOR LATER CONSIDERATION

The Working Group identified several related issues that will require further consideration. They include:

1. The relationship between international protocol and domestic regulations. Since the overall objective of the protocol is to avoid or reduce health and environmental risks, compliance with the international protocol will necessarily result in domestic regulation. There is legal precedent for such a linkage between international agreements and subsequent domestic regulations.

2. Non-Regulatory Approaches. There is no reason why the Nation's efforts to achieve the objectives sought in the protocol should be limited to a regulatory approach. The suggestion has been made that if the government imposes such regulatory burdens upon the people and the economy of the U.S., consideration should also be given to policies which may ease the regulatory burdens, including, but not limited to, possibly rendering unnecessary imposition of regulations beyond those necessary to assure U.S. compliance with the international protocol.

Such a domestic, non-regulatory supplement to the international protocol might, for example, contain elements intended to eliminate government barriers to, or facilitate, the development of: substitutes for covered chemicals, technology to mitigate or eliminate the adverse effects of chemical emissions upon stratospheric ozone, or medical advancements in the understanding and treatment of the problems caused by ozone depletion.

[NOTE: This paper attempts to portray the general flavor of the Working Group discussions on this very complex issue. It was not possible to include all of the important comments contributed by representatives of the participating agencies.]

THE WHITE HOUSE

WASHINGTON

June 18, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: 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.) 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 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 through 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; however, your further guidance on the following issues and options is requested.

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. 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?

RR

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.

This option is supported by State, EPA, DOD, DOE and HHS.

Option 2. Entry into force should occur only when a substantial proportion of producing countries, as determined by an established formula, have signed and ratified it.

This option is supported by Interior, Commerce, Justice, CEQ and OSTP.

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 and is unanimously supported by the Council.

Yes RR 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? This proposal has unanimous support of the Council.

Yes RR 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? This proposal has unanimous support of the Council.

Yes RR No _____

ISSUE 5 -- CREDITS FOR PREVIOUS ACTION

Should the delegation seek a system of credits for emissions reduction, resulting from 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 and is supported by Interior, CEQ and OSTP.

RR

_____ Option 2. No.

State is convinced that seeking credits would stalemate the negotiations, and will stimulate unnecessary proposals from other parties. This option is supported by State, EPA, Justice, HHS, DOE and USTR.

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 and has unanimous support of the Council.

Yes RR No _____

A freeze will achieve a majority of the health and environmental benefits derived from retention of the ozone layer. Interior, Commerce, OSTP and CEQ feel that 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, four years after EIF, about 1992, following the 1990 international review of updated scientific evidence? The Council supports this action, but is divided over options for how the reductions should be implemented:

RR

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. It is supported by EPA, State, Justice, CEQ, HHS, DOE and USTR. Commerce and DOD support this option for all chemicals except CFC 113; 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.

This option is supported by Interior.

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 OSTP.

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).

RR

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

This is supported by EPA and State.

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

HHS, Justice, DOE, DOD, CEQ and USTR support this.

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. Commerce, Interior and OSTP support this.

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. This proposal is consistent with the Chairman's Text and the U.S. delegation's previous position, and has unanimous support of the Council members.

Yes RR

No _____

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.

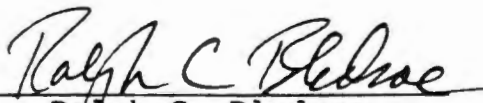
What should be the nature of any trade article sought for the protocol by the U.S. delegation?

RR

Option 1. Seek a provision 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.

This option is supported by Justice, Interior, OSTP, EPA, DOE, USTR, HHS and State. Note: Commerce is against the use of trade restrictions unless there is no other way to protect U.S. industry.

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


Ralph C. Bledsoe
Executive Secretary
Domestic Policy Council

Attachment: Chairman's Text

Ad Hoc Working Group of Legal and Technical
Experts for the Preparation of a
Protocol on Chlorofluorocarbons to
the Vienna Convention for the
Protection of the Ozone Layer (Vienna Group)

Third Session
Geneva, 27-30 April 1987

TEXT PREPARED BY A SMALL SUB-WORKING GROUP OF
HEAD OF DELEGATIONS

ARTICLE II: CONTROL MEASURES

1. Each party, under the jurisdiction of which CFC 11, CFC 12, CFC 113, (CFC 114, CFC 115) are produced shall ensure that within (2) years after the entry into force of this Protocol the (combined annual production and imports) (combined adjusted annual production) of these substances do not exceed their 1986 level.
2. Each party, under the jurisdiction of which substances referred to in paragraph 1 are not produced at the time of the entry into force of this Protocol, shall ensure that within (2) years from the entry into force of this Protocol (its combined annual production and imports) (its combined adjusted annual production) do not exceed the levels of imports in 1986.
3. Each party shall ensure, that within (4) years after the entry into force of this Protocol levels of substances referred to in paragraph 1 attained in accordance with paragraphs 1 and 2 will be reduced by 20 per cent.
4. Each party shall ensure that within (6) (a), (8) (b) years after the entry into force of this Protocol, the 1986 levels of substances referred to in paragraphs 1 and 2 will be further reduced (by 30 per cent), (a) (if the majority of the parties so decide, (b) (unless parties by a two-third majority otherwise decide), in the light of assessments referred to in Article III, such decision should be taken not later than (2) (4) years after entry into force.

5. Parties shall decide by (two-third majority) (a majority vote)
- whether substances should be added to or removed from the reduction schedule
 - whether further reductions of 1986 levels should be undertaken (with the objective of eventual elimination of these substances).

These decisions shall be based on the assessments referred to in Article III.

Note: A second paragraph reading as follows has to be added to Article III. Beginning 1990, ^{and} every four years thereafter, the parties shall review the control measures provided for in Article II. At least one year before each of these reviews, the parties shall convene a panel of scientific experts, with composition and terms of reference determined by the parties, to review advances in scientific understanding ~~of~~ modification of the ozone layer, and the potential health, environmental and climatic effects of such modification.

THE WHITE HOUSE
WASHINGTON

Ralph -

Attached are two draft press
statements on ozone.

The first two paragraphs of both
are the same. I was not sure
about the last paragraph --
so one draft includes it and the
other does not.

Thanks - Vicki

DRAFT PRESS STATEMENT
6/19/87

The President today instructed the U.S. delegation to the United Nations talks on protection of the ozone layer to seek a strong and effective international agreement. The President directed the negotiators to seek an agreement that involves many countries, that covers many ozone-depleting chemicals, and that commits participating countries to a near-term freeze on emissions of ozone-depleting chemicals and a long-term scheduled reduction of these chemicals. The President also stressed the importance of future reviews of scientific, technological, economic and environmental information in the implementation of the long-term reductions.

By instructing the delegation to seek a strong international agreement, the President re-affirmed the U.S. commitment to protecting the ozone layer. The U.S. continues to support the goal of eliminating threats to the ozone layer from man-made chemicals. The U.S. objective in an international agreement is to stimulate the discovery and market acceptance of effective, safer, and competitively-priced substitutes for ozone-depleting chemicals.

The President also praised the United Nations Environment Program's approach to the ozone issue noting that an international agreement involving many countries is the only effective way to protect the ozone layer.

Issue:

What percentage weighting factor should the U.S. seek for the protocol's entry into force provision?

Background:

At the informal consultations in Brussels (June 20-30), the U.S. first proposed adding a production/consumption weighting factor to the protocol's entry into force article. The U.S. proposal was based on the rationale that all major "polluters" should be on board before the protocol's control measures go into effect. The current draft protocol text contains bracketed language requiring nine instruments of ratification (etc.) representing 60% of global production for entry into force. In determining the optimal weighting from the U.S. viewpoint, the following considerations are important:

- What weighting factor will ensure participation by the major actors?
- Are there other ways to encourage participation in the protocol?
- Are there differences in ease of implementation?
- What level is realistically attainable in the negotiations?

Data Analysis:

Current proportions of world production^{1/} of chlorofluorocarbons^{2/} are as follows (see attachment for graphs and data tables):

Production (1986)
(percent of world total)

U.S.	29.0
EC	42.8
Japan	11.7
USSR	10.0
Canada	2.0
Australia	1.2
Others	3.2

The attachment also includes a table showing possible country coalitions which could trigger entry into force at different weighting percentages.

^{1/} Production is the preferable basis for calculation; consumption targets are complex to calculate and do not provide advantages.

^{2/} Includes CFCs 11, 12, 113, 114, 115. Halons are excluded since numbers are difficult to obtain and they will not be controlled at

Additional Considerations:

(a) Ease of Implementation - With complete, widely accepted production data for all countries, parties and non-parties, percentage weighting would be easy to calculate, justify and implement. However, at the moment, the data remains "soft" and therefore subject to challenge. A review of the existing data (attachment) indicates that at 70% levels and higher, changes of a few percent in production levels of certain countries could make the difference between the protocol entering into force or not. Consequently, it is important to avoid negotiating an EIF production percentage that is so sensitive to data accuracy that countries could challenge with justification whether that triggering number had indeed been reached.

If one tries to use even more complicated and softer CFC consumption numbers, the problems of justification are intensified.

(b) Negotiability - When the weighting concept was first proposed in Brussels, it was opposed by the low- and non-producing countries as well as by other major producers (which didn't see the need for it). We have subsequently sent several cables to other countries explaining our position and rationale.

Our chances of achieving a 60% target are fairly good, but the odds will decrease as we try to move this number up. One risk we run is being completely isolated in pressing for a higher number in Montreal, and thus faced with deciding whether to remain outside the protocol if other countries do not support us. Such an outcome would clearly subject the U.S. to criticism here and abroad from those who would perceive that we set an unrealistically high target with the expectation that it would fail and thus free us from having to sign the protocol.

(c) Opportunity Costs - We must keep in mind that if we press other delegations for a higher EIF trigger, the U.S. will be expected to give something in return. It is therefore essential that whatever production percentage we press for will provide substantial benefits.

(d) Non-Quantitative Inducements - There are other inducements in the protocol which are also intended to promote ratification by a broad range of countries. They should be considered in relation to the entry into force weighting formula to assess the collective impact. In the case of trade sanctions, it may well be that this represents a more effective instrument for attracting certain countries, e.g., Japan and Korea, but not the Soviets which have no strong trade ties. In the case of the developing countries, the proposed grace period is viewed as a strong incentive.

Conclusions:

1. It is important to maintain in the protocol EIF article, the concept of a percentage production trigger. And, this should be at least 60%. At lower levels, the protocol could come into force with just the U.S. and other fairly minor producers ratifying. At 60%, the EC will be required to join which will place useful pressure on them.

2. Up to 75% there is no useful advantage over 60%. The protocol could enter into force with merely Canada and Australia joining the U.S. and the EC. Other nations could try to appease us in Montreal by giving us higher numbers in the 60-75% range, but we would have to give something in return for no real benefit.

3. At 80%, either the USSR or Japan would have to join the U.S., EC and a few others for entry into force. While it would be useful to add either of these countries by establishing this level of world production, our ability to exert pressure on one or both would be diminished since neither would feel isolated and bear the full brunt of international pressure to join.

4. At 90%, both Japan and the USSR would have to join to bring the protocol into force. Again, neither would be isolated as the recalcitrant unless the other joined. Regardless, the chance of being able to negotiate a 90% trigger in Montreal is quite remote.

5. Given the above, if the challenge is to bring in Japan and the USSR, in the case of Japan strong trade sanctions may be our most effective lever. With the Soviet Union, we have little leverage on the situation, even if we were able to achieve a high entry into force provision (particularly since it could encourage Japan to stay outside with them).

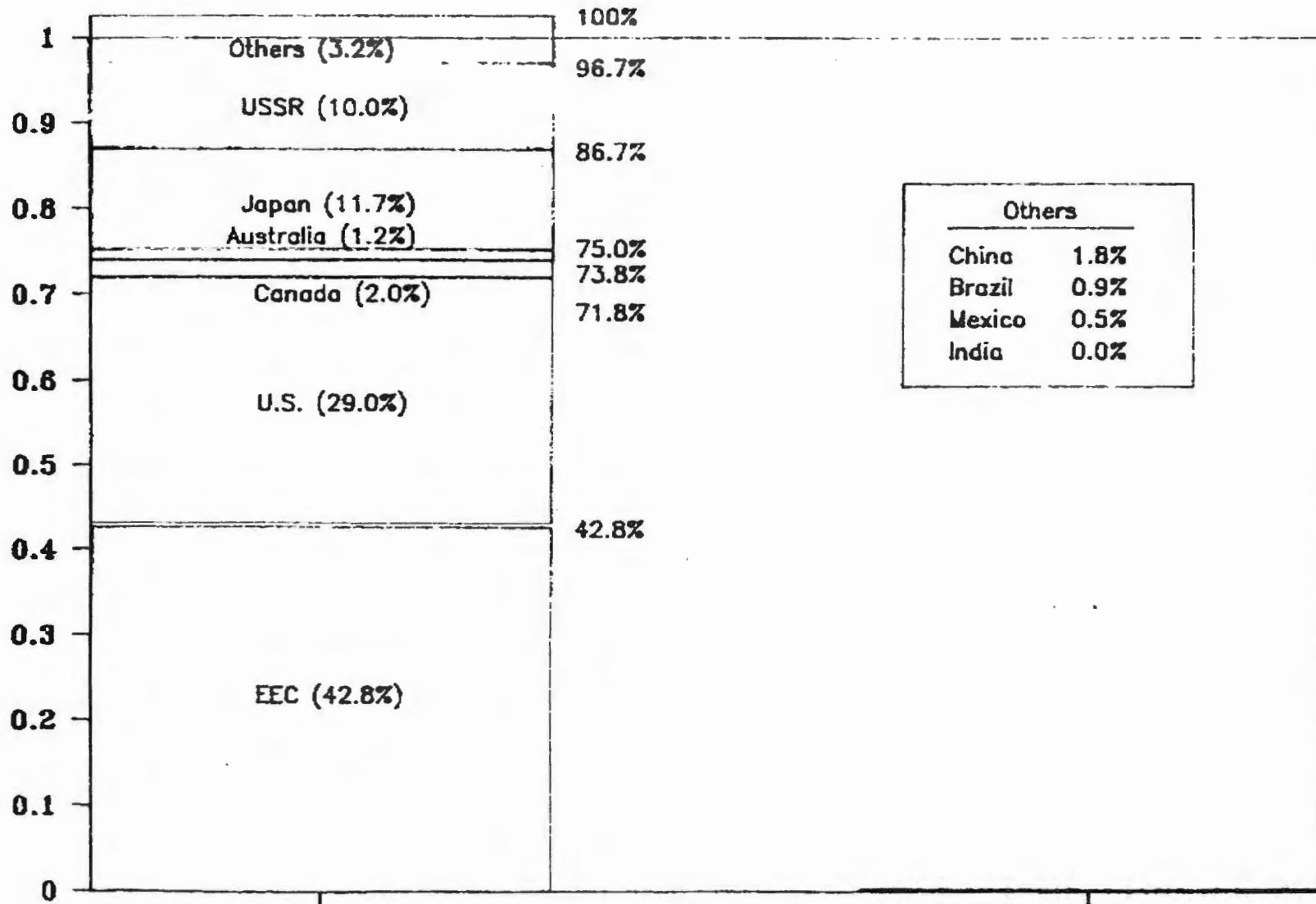
NOTES:

- (1) The attachment includes tables showing production on both an unweighted and weighted basis, the latter adjusted for ozone depleting potential. The percentage differences are very slight, and insignificant for the above analysis. Therefore the protocol would use a weighted basis in the EIF article for consistency with other articles.
- (2) The attachment also includes two sets of data for the USSR, including a sensitivity analysis. The Soviet data may be the most uncertain (i.e., the 10% of world production figure provided by industry may actually be closer to 6%). The broad implications for the EIF weighting trigger are likely not to be significant.

Analysis of Entry into Force Provisions

If trigger is:	Then entry into force occurs with:
60 percent	U.S. and EEC only (definitely)
70 percent	U.S. and EEC only (maybe) U.S. and EEC <u>and</u> Canada and Australia (probably)
75 percent	U.S., EEC, Canada, and Australia (maybe) U.S., EEC, Canada, Australia, <u>and</u> [Japan <u>or</u> USSR <u>or</u> China <u>or</u> (Brazil and Mexico)] (probably)
80 percent	U.S., EEC, Canada, Australia, <u>and</u> [USSR <u>or</u> Japan] (probably)
85 percent	U.S., EEC, Canada, Australia, <u>and</u> USSR (maybe) U.S., EEC, Canada, Australia, USSR <u>and</u> [China <u>or</u> (Brazil and Mexico)] (probably) U.S., EEC, Canada, Australia, and Japan (probably) U.S., EEC, Canada, Australia, USSR, and Japan (definitely)

Known unweighted global production
of CFC-11,12,113,114,115
(Thousands of mill kg)



Depl. weight	Unweighted total		Weighted Total	
	Prod. (mill kg)	Percent	Prod. (mill kg)	Percent
EEC	438.500	0.428	416.555	0.430
U.S.	297.095	0.290	276.082	0.285
Canada	21.000	0.020	20.630	0.021
Australia	12.731	0.012	12.731	0.013
Japan	119.732	0.117	107.828	0.111
USSR	103.000	0.100	103.000	0.106
China	18.000	0.018	18.000	0.019
Brazil	9.450	0.009	9.450	0.010
Mexico	5.041	0.005	5.041	0.005
India	0.441	0.000	0.441	0.000
Total	1024.989	1.000	969.758	1.000

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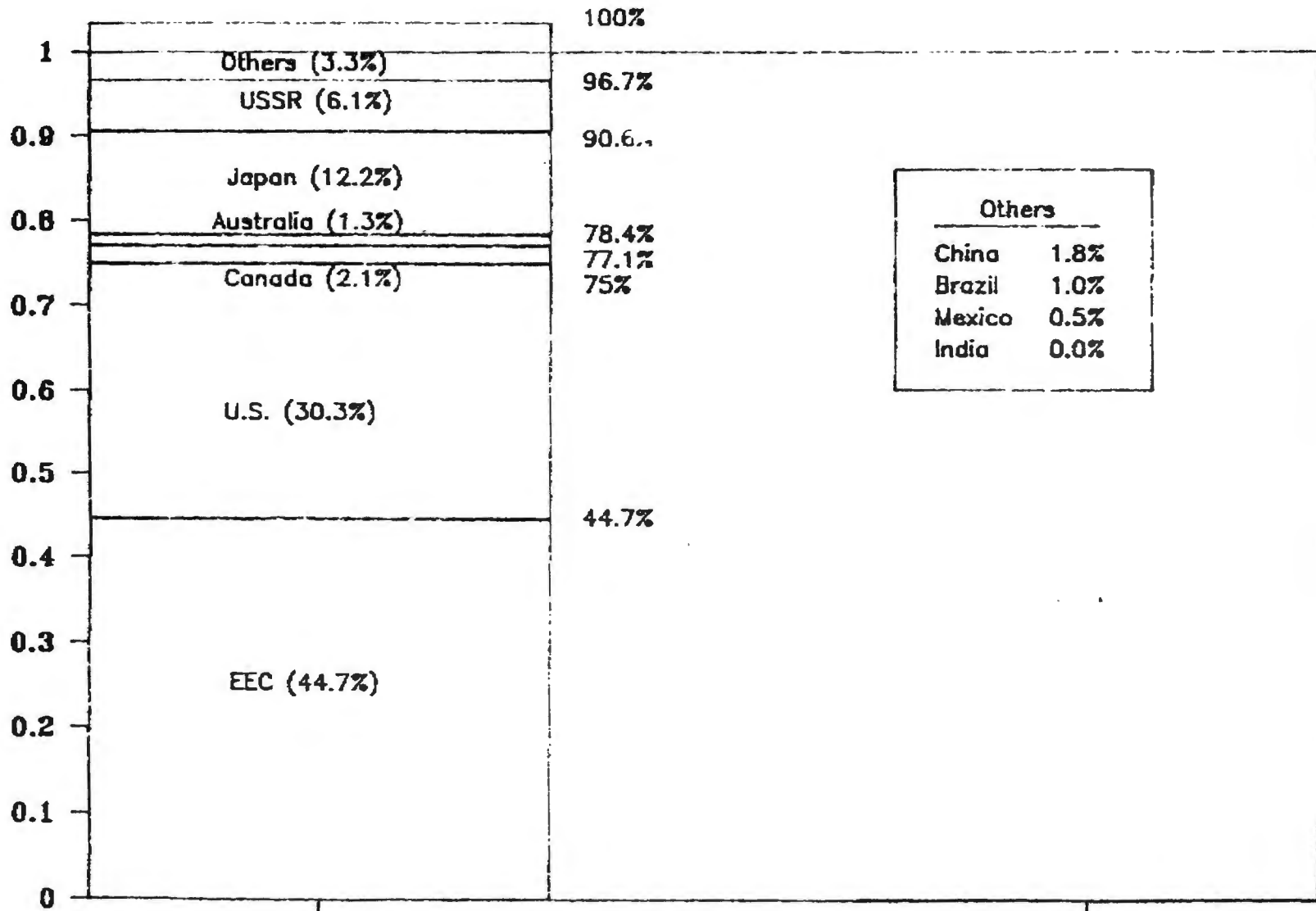
Analysis of entry into force provisions

1986 production by country in millions of kilograms
(1986 estimates and hard data mixed)

Depl. weight	CFC-11 1	CFC-12 1	CFC-113 0.78	CFC-114 0.49	CFC-115 0.3
EEC	200.000 n	160.000 n	65.000 n	9.500 s	4.000
U.S.	79.730 a	136.940 a	71.925 b	4.000 c	4.500
Canada	7.109 q	12.212 q	1.680 q		
Australia	6.365 m	6.365 m			
Japan	29.190 e	36.435 e	54.107 f		
USSR	68.000 g	35.000 g			
China	4.968 l	13.032 l			
Brazil	2.615 h	6.836 h			
Mexico	0.369 k	4.673 k			
India	0.124 j	0.317 j			
Total	398.469	411.809	192.712	13.500	8.500

- a 1986 data from USITC, March 31, 1987
- b 1985 estimate from industry sources (mid-range of 68-69)
1986 growth assumed to be 5 percent
- c 1986 industry estimate
- d 1986 estimate from industry sources
- e 1985 data from Kurosawa and Imazeki (1986)
1986 calculated assuming 5% growth from 85-6:
- f 1985 estimate from Araki (MITA) in State Dept. cable
1986 estimated as 5% higher than 1985
- g 1986 estimate; Soviet delegation at Work Group VIII meeting
(earlier estimate at UNEP meeting had been 60 mill kg)
- h 1985 estimates from UNEP background paper.
Split between 11&12 based on relative production capacity
1986 growth assumed to be 5 percent
- j 1982 production (0.4 mill kg) from Holtzman (1987)
for category ("other halogenated derivatives of
hydrocarbons") assumed to be
27.6% CFC-11 and 72.4% CFC-12 (same as Brazil)
Growth from 1982-86 assumed 3% per year
- k 1983 data in Mexican UNEP (1986). Production calculated
as consumption - imports, and allocated to 11/12/22
based on relative size of imports.
Growth 83-86 assumed 3% per year
- l Production of all CFCs (undated) of 18 mill kg
reported in Zhijia (1986). Allocated as 11/12 based on
Brazil split (27.6% CFC11 and 72.4% CFC12)
- m 1984 production data from Australian UNEP submission (1986)
Growth from 84-86 assumed to be 3% per year
- n 1986 EEC production as estimated by U.S. industry
These estimates represent growth of 8.46% from 1985
production data of 400.6 mill kg (11/12/113/114)
as reported by EEC mission
- q 1985 production from Buxton, personal communication, 8/14/8
total CFC production = 20 mill kg. Solvent = 8% (assumed 11
remaining 92% split to 11/12 by U.S.: (36.8% 11; 63.2% 12)
1986 growth assumed to be 5% for CFC-11,12,113
- s CFC-114 and CFC-115 estimates for EEC based on U.S. industr
estimates for total world market: 13.5 mill kg for CFC-114
and 8.5 mill kg for CFC-115.
Non-U.S. share assumed to be EEC production.

Sensitivity: unweighted world production
of CFC-11,12,113,114,115
assuming lower USSR estimate
(thousands of mill kg)



Sensitivity - lower USSR production estimates

Unweighted total

Weighted Total

Depl. weight

	Prod. (mill kg)	Percent	Prod. (mill kg)	Percent
EEC	438.500	0.447	416.555	0.449
U.S.	297.095	0.303	276.082	0.298
Canada	21.000	0.021	20.630	0.022
Australia	12.731	0.013	12.731	0.014
Japan	119.732	0.122	107.828	0.116
USSR	60.000	0.061	60.000	0.065
China	18.000	0.018	18.000	0.019
Brazil	9.450	0.010	9.450	0.010
Mexico	5.041	0.005	5.041	0.005
India	0.441	0.000	0.441	0.000
Total	981.989	1.000	926.758	1.000

a:entsens
8/18/87

Analysis of entry into force provisions
(Sensitivity: Assumes estimate of USSR production)

1986 production by country in millions of kilogram
(1986 estimates and hard data mixed)

	CFC-11	CFC-12	CFC-113	CFC-114	CFC-115
Depl. weight	1	1	0.78	0.49	0.3
EEC	200.000 n	160.000 n	65.000 n	9.500 s	4.000 s
U.S.	79.730 a	136.940 a	71.925 b	4.000 c	4.500 c
Canada	7.109 q	12.212 q	1.680 q		
Australia	6.365 m	6.365 m			
Japan	29.190 e	36.435 e	54.107 f		
USSR	39.612 g	20.388 g			
China	4.968 l	13.032 l			
Brazil	2.615 h	6.836 h			
Mexico	0.369 k	4.673 k			
India	0.124 j	0.317 j			
Total	370.081	397.197	192.712	13.500	8.500

Sensitivity - lower USSR production estimates

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1986 estimated as 5% higher than 1985
- g 1986 estimate from UNEP Leesburg meeting
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Growth from 84-86 assumed to be 3% per year
- n 1986 EEC production as estimated by U.S. industry
These estimates represent growth of 8.46% from 1985
production data of 400.6 mill kg (11/12/113/114)
as reported by EEC mission
- q 1985 production from Buxton, personal communication, 8/14/8
total CFC production = 20 mill kg. Solvent = 8% (assumed 11
remaining 92% split to 11/12 by U.S.: (36.8% 11; 63.2% 12)
1986 growth assumed to be 5% for CFC-11,12,113
- s CFC-114 and CFC-115 estimates for EEC based on U.S. industr
estimates for total world market: 13.5 mill kg for CFC-114
and 8.5 mill kg for CFC-115.
Non-U.S. share assumed to be EEC production.

~~CONFIDENTIAL~~

The President has seen 6/24

THE WHITE HOUSE
WASHINGTON

June 25, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE

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.

JR

APPROVE

DISAPPROVE

MODIFY

Attachment

DECLASSIFIED

NLS FOUO 13 #12

~~CONFIDENTIAL~~

77 CU DATE 6/26/46.

~~CONFIDENTIAL~~

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.

DECLASSIFIED

NLS FOO-013 #13

~~CONFIDENTIAL~~

CH NARA DATE 10/26/06

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 chlorofluorocarbons (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.

Ronald Reagan

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 *Nancy*
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

UNCLASSIFIED UPON REMOVAL
OF CLASSIFIED ENCLOSURE(S)

105
9/2/00

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

HE007-01

INCOMING

DATE RECEIVED: JUNE 29, 1987

NAME OF CORRESPONDENT: MR. D. M. RODERICK

SUBJECT: FORWARDS ADDITIONAL INFORMATION CONCERNING
THE ENVIRONMENTAL SITUATION REGARDING
THE OZONE

No action
required.
File - Ozone

ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACTION		DISPOSITION	
		ACT CODE	DATE YY/MM/DD	TYPE RESP	C COMPLETED D YY/MM/DD
HOWARD BAKER		ORG	87/06/29	HBA	87/07/16 PY
CA Risq	REFERRAL NOTE:	A	87/07/20		87/07/21
CCA/KUTTNER	REFERRAL NOTE:	A	87/07/21		/ /
✓ DPC/BLEDSON	REFERRAL NOTE:	A	87/07/21		/ /
	REFERRAL NOTE:		/ /		/ /
	REFERRAL NOTE:		/ /		/ /

COMMENTS: _____

ADDITIONAL CORRESPONDENTS: MEDIA:L INDIVIDUAL CODES: _____

CS MAIL USER CODES: (A) _____ (B) _____ (C) _____

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|--------------------------|----------------------|----------------------|---|
| *ACTION CODES: | *DISPOSITION | *OUTGOING | * |
| * | * | *CORRESPONDENCE: | * |
| *A-APPROPRIATE ACTION | *A-ANSWERED | *TYPE RESP=INITIALS | * |
| *C-COMMENT/RECOM | *B-NON-SPEC-REFERRAL | * OF SIGNER | * |
| *D-DRAFT RESPONSE | *C-COMPLETED | * CODE = A | * |
| *F-FURNISH FACT SHEET | *S-SUSPENDED | *COMPLETED = DATE OF | * |
| *I-INFO COPY/NO ACT NEC* | | * OUTGOING | * |
| *R-DIRECT REPLY W/COPY * | | | * |
| *S-FOR-SIGNATURE | | | * |
| *X-INTERIM REPLY | | | * |
- *****

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

THE WHITE HOUSE

WASHINGTON

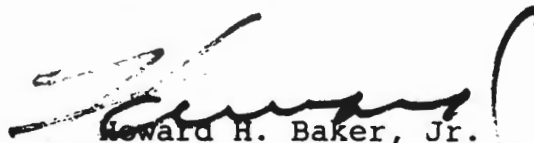
July 16, 1987

Dear Dave:

Thank you for your letter of June 23rd and the accompanying final draft memorandum.

I have reviewed the material and taken the liberty of passing it to certain individuals here who are daily dealing with this important issue.

Sincerely,



Howard H. Baker, Jr.
Chief of Staff to the President

Mr. D. M. Roderick
Chairman, Board of Directors
& Chief Executive Officer
USX Corporation
600 Grant Street
Pittsburgh, PA 15230

HHB:JCT:nsw

cc: Nancy Risque with incoming ✓

USX Corporation
600 Grant Street
Pittsburgh, PA 15230
412 433 1101

D.M. Roderick
Chairman, Board of Directors
& Chief Executive Officer

USX

The Honorable Howard Baker
Chief of Staff to the President
The White House Office
1600 Pennsylvania Avenue
Washington, D.C. 20500

June 23, 1987

Dear Howard:

As a result of our discussions of Business Roundtable meeting items at our meeting with you several weeks ago, it appeared desirable to provide you with some additional information concerning the environmental situation posed by the impending deadline on attaining the ozone ambient air quality standard. The ozone dilemma can be expected to have a significant adverse impact on industry, as well as the many communities located in nonattainment areas.

While it is essential to achieve air quality to protect human health, the Administration and Congressional leaders must carefully examine all aspects of this problem and determine what actions are appropriate to avoid the hardship and damage that can result under certain enforcement and implementation plans that have been proposed.

The attached memorandum on this matter present industry's concerns and provides some general insights into the impacts associated with the ozone problem. We are developing additional detailed information on this through our Business Roundtable Environment Task Force and we will share this information with you as our studies are completed.

As mentioned to you during our discussions, the environmental accomplishments of the Reagan Administration and the EPA under Lee Thomas have been significant. Not only has there been notable continued improvement in air and water quality during the 1980s, but the initiative by Lee Thomas in the implementation of Superfund is particularly noteworthy as indicated by the number of site investigations initiated and "cleanups" underway, as well as those already completed. It is important to industry that the Administration give recognition to these accomplishments and continue its efforts to establish a positive image on environmental issues. The Administration's environmental record has been positive in recent years and illustrates that

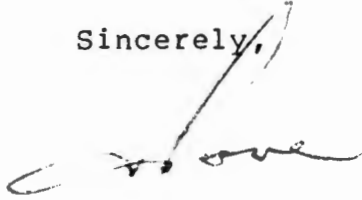
USXX

The Honorable Howard Baker
June 23, 1987
Page Two

environmental progress and economic development are compatible.

Please feel free to call upon me if we can be of further assistance to you regarding this matter.

Sincerely,

A handwritten signature in cursive script, appearing to read "C. Love", written in black ink.

attachment

-- FINAL DRAFT --

POTENTIAL INDUSTRY IMPACTS FROM
OZONE NONATTAINMENT PROBLEMS

The problems created by the statutorily mandated deadline for attainment of the ozone ambient air quality standard is of great concern to industry. There are no obvious easy solutions to the ozone nonattainment situation and any "quick fix" approach is unlikely to do anything but introduce more complications in the future. The Congress and Administration must carefully address the problem and potential impacts of various alternatives being suggested and develop a strategy to provide industry and communities with a meaningful and firm basis for future planning.

Introduction

There is considerable public concern regarding the Clean Air Act deadline of December 31, 1987 for attainment of the ozone ambient air quality standard. The EPA has been working with the states over the past several years to develop and implement programs and strategies to reduce emissions of ozone precursors in areas where the ozone standard is exceeded. These efforts have been only partially successful, and it is now projected that many of the present 76 major nonattainment areas will remain nonattainment past the end of the year.

Background

There have been many alternatives suggested to resolve the problem of ozone nonattainment ranging from tighter controls on all emission sources to drastic changes in lifestyle and restrictions on growth. There are many questions regarding the alleged effectiveness of proposals in achieving ozone

attainment in major urban areas such as Los Angeles and, furthermore, the impacts of even attempting implementation of many of the proposed strategies are expected to be adverse to both communities and industries.

In addition to the practical problems associated with developing strategies for ozone nonattainment, there are many other complicating features including, a) uncertainty in the atmospheric chemistry of ozone formation, b) complex relationships in predicting ozone "hot spots" and air quality impacts, and c) difficulty in control and enforcement of numerous small sources of ozone precursor emissions. These factors raise serious questions on the expectations from any proposed control strategies.

Industry Impacts

There are many community problems associated with ozone nonattainment actions. There has not as yet been a careful study made of specific adverse impacts on industry. It is clear that significant costs would be directly added to specific industry segments from proposed added control systems without the expectation that any significant ambient air quality improvement might result. There appear to be no major uncontrolled ozone precursor sources and, at best, even elimination of the remaining sources results in only modest contributions toward attainment.

It is impossible to estimate the specific impacts on industry sources without identification of effective ozone control strategies which the agencies might implement. The subject of ozone nonattainment is being considered by EPA and debated in Congressional committees and many alternatives are under review. Nevertheless, certain industry impacts can be broadly examined over the range of alternatives.

Alternatives and Impacts

Deadline Extension - It would be necessary for Congress to amend the Clean Air Act to obtain an extension of the December 31, 1987 ozone attainment date. To "open" the Clean Air Act for amendment also invites the opportunity for other substantial revisions on such items as acid rain/toxic emissions/PSD and other controversial issues. Such a reopening of the "Act" is almost certain to result in more stringent requirements for industry. Additional Clean Air Act requirements on industry would impose higher costs on the public and greater restrictions on development, which would lead to further widening of the competitive disadvantage of American industry.

Furthermore, a deadline extension without a verifiable attainment strategy provides no basis for "relief" from ozone nonattainment sanctions and meaningless control requirements with attendant high costs.

Proposed Control Strategies - It has been suggested that extreme control measures should be enforced on all sources of ozone precursors (hydrocarbons) in nonattainment areas. Such measures would have significant adverse cost implications on these sources and would particularly "hit hard" the small business operators with limited financial resources. The adverse economic impact and employment losses in communities would be significant and experience indicates that such control measures will not result in measurable improvements in air quality. These proposed measures would particularly impact bakeries, dry cleaners, paint shops, wineries and similar small operations and many could be forced out of business.

Imposition of Sanctions - The Clean Air Act provides for the EPA Administrator to impose certain sanctions on nonattainment areas. Sanctions include construction bans/loss of highway funds/loss of sewage grants/and other curtailment of EPA grant programs. Any sanctions would weaken the economic base of affected communities, have adverse financial impacts on industries located in such communities, and lead to further damage to already inadequate infra structure facilities. In view of the impossibility of demonstration that specific actions will lead to attainment in certain areas, the imposition of such sanctions would not motivate attainment and would result in community economic deterioration. The construction ban would be particularly damaging to industry and would "chill" development and employment opportunities.

Guidelines for Consideration

As the Congress and the Administration examine ozone nonattainment in attempting to address the December 31, 1987 deadline for the ozone air quality standard, it is suggested that the following guidelines be considered:

1. Nonattainment areas should be required to adopt reasonable measures to reach attainment with the currently mandated health standard as soon as practicable.
2. Flexibility must be built into the regulatory process to allow for industry and community growth and development consistent with environmental safeguards.
3. Cost-effective measures should be adopted in controlling ozone precursor emission sources and control programs

should be evaluated on the basis of their effectiveness in reducing ozone.

4. Control requirements should be designed for specific area needs and uniform national standards avoided.
5. Artificial deadlines that do not fully consider the complexity of the issue must be avoided.

In addition, it is important that the imposition of sanctions on nonattainment areas not penalize areas where good faith efforts have been made to implement SIP requirements. Because the Clean Air Act has inherent problems associated with "technology forcing provisions" and unreasonable deadlines, sanctions are not appropriate in many cases.

Summary

In view of the above, it is clear that the ozone nonattainment situation represents a potential socioeconomic quandry precipitated by an environmental dilemma. Not only will urban and rural areas suffer direct infrastructure and social damage under present laws and regulations, but industry would be severely impacted -- particularly if agency enforcement action is unreasonably focused on the private sector emission sources. While it is essential to address air quality concerns, this must be done in a way to also provide for growth and development by both industry and communities.

It is essential that the Congress and the Administration quickly focus on the issues and impacts relating to this problem and identify appropriate strategies to guide the EPA in view of the rapidly approaching deadline.

Industry is continuing to study the problem areas of concern in various regions of the nation to determine how it can best work with the government in developing a proper approach. The BRT Environment Task Force is prepared to cooperate in efforts to resolve the ozone problem and will provide information as it is developed on this matter.

NCS F00-013 #14

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Department of State

BY SM, NARA, DATE 1/10/03

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INFO ~~DES-01~~ /001 A4 6TD

ACTION DES-09

INFO LOG-00 COPY-01 ADS-00 AID-00 INR-10 EUP-00 SS-00
OIC-02 AF-00 CIAE-00 EB-00 DINT-05 DODE-00 R-01
10-19 NEA-06 NSCE-00 NSF-01 ARA-00 WSAE-00 COME-00
NASA-01 SSO-00 L-03 TRSE-00 PM-10 EAP-00 EPA-01
CEA-01 OMB-01 STR-17 INRE-00 AGRE-00 ACDA-12 USIE-00
JUSE-00 SP-02 DDEE-00 CEO-01 PRS-01 E-01 T-01
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AMEMBASSY OTTAWA PRIORITY
AMEMBASSY OSLO PRIORITY
AMEMBASSY WELLINGTON PRIORITY

~~CONFIDENTIAL~~ BRUSSELS 09255.

FROM USEC

E.O. 12356: DECL: OADR
TAGS: SENV, ETRD, UNEP, EEC
SUBJECT: OZONE NEGOTIATIONS

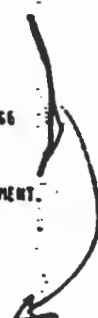
REF: STATE 199107

1. ~~ENTIRE~~ TEXT).
2. SUMMARY: MEETINGS ON UNEP-SPONSORED OZONE PROTECTION PROTOCOL WERE HELD JUNE 29-30 IN BRUSSELS TO DISCUSS AND FURTHER REFINE TEXTS ON CONTROL MEASURES (CHAIRMAN'S GROUP) AND ON EMISSIONS FORMULA, TRADE WITH NON-PARTIES AND TREATMENT OF DEVELOPING COUNTRIES (TRADE GROUP). AN HOC WORKING GROUP ON CONTROL MEASURES WAS CHAIRED BY UNEP EXECUTIVE DIRECTOR MOSTAFA TOLBA, AND COMPRISED MEMBERS OF DELEGATIONS OF UNITED STATES, JAPAN, CANADA, NORWAY (REPRESENTING NORDICS), NEW ZEALAND (REPRESENTING ALSO AUSTRALIA), USSR, AND EUROPEAN COMMISSION (PLUS PAST, PRESENT AND FUTURE EC PRESIDENCY COUNTRIES, UK, BELGIUM AND DENMARK). PARAGRAPHS 3-5 SUMMARIZE ESSENTIAL ELEMENTS OF NEW EXECUTIVE DIRECTOR'S TEXT, TO BE CONSIDERED BY ALL GOVERNMENTS IN PREPARATION FOR SEPTEMBER 8-16 NEGOTIATION AND PLENIPOTENTIARIES' CONFERENCE IN MONTREAL. WORKING GROUP ON TRADE WAS AGAIN CHAIRED BY ESSAM HAVAS (EGYPT) AND INCLUDED U.S., EC, UK, DENMARK, CANADA, SWEDEN, JAPAN, GHANA, ARGENTINA AND BRAZIL. PARAGRAPHS 9-12 DISCUSS MAIN POINTS COVERED IN TRADE MEETINGS. END SUMMARY.
3. ENTRY INTO FORCE (EIF) WILL OCCUR ON RATIFICATION BY AT LEAST NINE COUNTRIES WHICH COMPRISE AT LEAST 60 PCT OF GLOBAL 1986 PRODUCTION/CONSUMPTION OF CFC'S 11, 12, 113, 114 AND 115. DECISIONS TO MODIFY REDUCTIONS AND ADD OR SUBTRACT CHEMICALS REQUIRE TWO-THIRDS OF PARTIES WHICH COMPRISE AT LEAST 50 PCT OF GLOBAL 1986 PRODUCTION/ CONSUMPTION OF THE FIVE CFC'S.
4. TIME CHART:

YEAR	ACTION
----	-----
A. EIF PLUS ONE	A) FREEZE AT 1986 LEVELS OF THE WEIGHTED BASKET OF 5 CFC'S.

*EIF: 9 + 2/3dW Cma.
Amul: 2/3 + 2/3 W Cma.
del: 2/3d, complete*

- B) MEETING OF CONTRACTING PARTIES.
- B. EIF PLUS TWO (1990) SCIENTIFIC/ECONOMIC ASSESSMENT.
- C. EIF PLUS THREE (1991) A) FREEZE OF HALONS (211 AND 130) AT 1986 LEVELS.
B) MEETING OF CONTRACTING PARTIES.
- D. EIF PLUS FOUR A) 20 PCT REDUCTION OF THE 5 CFC'S.
B) MEETING OF CONTRACTING PARTIES: CAN REVERSE STEP F BY TWO-THIRDS OF PARTIES COMPRISING 50 PCT OF GLOBAL 1986 PRODUCTION/CONSUMPTION.
- E. EIF PLUS SIX A) SCIENTIFIC/ECONOMIC ASSESSMENT.
B) MEETING OF CONTRACTING PARTIES.
- F. EIF PLUS EIGHT OR TEN A) 30 PCT REDUCTION OF THE 5 CFC'S.
B) SCIENTIFIC/ECONOMIC ASSESSMENT.
- 5. PARAGRAPH ON ULTIMATE OBJECTIVE: PARTIES WILL DECIDE, BY TWO-THIRDS MAJORITY COMPRISING AT LEAST 50 PCT OF GLOBAL 1986 PRODUCTION/CONSUMPTION, "WHETHER FURTHER REDUCTION FROM 1986 LEVELS SHOULD BE UNDERTAKEN, WITH THE OBJECTIVE OF EVENTUAL ELIMINATION OF THESE SUBSTANCES, EXCEPT FOR USES FOR WHICH NO SUBSTITUTES ARE COMMERCIALY AVAILABLE AT THE TIME".
- 6. ARTICLE ON MONITORING/REPORTING/ENFORCEMENT WILL BE DRAFTED AT JULY 6-10 MEETING IN THE HAGUE.
- 7. ATMOSPHERICS: IT WAS CLEAR THAT WHILE INDIVIDUAL EC MEMBER COUNTRIES (WITH EXCEPTION OF UNI) BASICALLY SUPPORTED U.S. POSITION, NEGOTIATION WAS SLOWED BY EC COMMISSION (DIRECTOR-GENERAL BRINKHORST) HARD LINE. CANADA, NORWAY AND NEW ZEALAND JOINED U.S. ON NEARLY ALL ELEMENTS, WITH EXCEPTION OF DOUBTS BY NORWAY AND NEW ZEALAND OVER WEIGHTED VOTING; THEY BETTER UNDERSTAND OUR NEEDS ON THIS POINT, HOWEVER, AND WILL MOST LIKELY BE SYMPATHETIC. EC, USSR AND JAPAN WERE STILL TENTATIVE OVER SCHEDULING A FREEZE ON HALONS AND OVER SEMI-AUTOMATIC REDUCTION BEYOND 20 PCT, BUT DID NOT OBJECT TO EXECUTIVE DIRECTOR'S TEXT. EC SIMILARLY RESERVED ON "ULTIMATE OBJECTIVE" CLAUSE BUT DID NOT DEMAND ITS REMOVAL. INDIVIDUAL EC DELEGATES AND REPRESENTATIVES OF INDIVIDUAL MEMBER COUNTRIES WERE SANGUINE THAT THE EC WOULD, BY SEPTEMBER, SUPPORT CHAIRMAN'S TEXT, BUT BRINKHORST'S CONSISTENT HARD LINE DID NOT EVIDENCE THIS.
- 8. MOST PARTIES EXPRESSED NEED FOR TRENDS DATA ON HALONS PRODUCTION AND TRADE, IN ORDER TO ENSURE FEASIBILITY OF FUTURE FREEZE, AND ALSO NEED FOR TECHNICAL INFORMATION ON POSSIBILITIES FOR SUBSTITUTION FOR ESSENTIAL FIRE-FIGHTING USES OF HALONS 211 AND 130).



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Department of State

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9. IN GENERAL, MOST U.S. OBJECTIVES WERE MET WITH REGARD TO LANGUAGE ON EMISSIONS FORMULA, DEVELOPING (LOW-CONSUMING) COUNTRIES AND TRADE WITH NON-PARTIES, BUT SOME OF THE MORE CONTENTIOUS ISSUES REMAIN.

10. FORMULA: U.S. MADE A STRONG INTERVENTION ON THE MERITS OF A STRAIGHT APPARENT CONSUMPTION (ADJUSTED PRODUCTION) APPROACH, BUT MET WITH STRONG EC INSISTENCE THAT PRODUCTION LIMITS ALONE WERE ALL THAT WAS REQUIRED FOR CONTROLLING EMISSIONS. HAVING RECONFIRMED THAT NEITHER SIDE HAD FUNDAMENTALLY CHANGED ITS POSITION, DISCUSSION THEN TURNED TO THE COMPROMISE FORMULA WORKED OUT AT THE APRIL NEGOTIATING SESSION, WHICH COMBINED BOTH PRODUCTION AND CONSUMPTION. EC RESISTED COUNTING ONLY EXPORTS TO PARTIES IN THE CONSUMPTION DEFINITION, AND REFUSED TO CONCEDE THE MERITS OF CHOOSING A HISTORIC BASE-YEAR (SO BOTH 1986 AND 1990 REMAIN THE BRACKETED OPTIONS). EC ALSO REFUSED TO AMEND FORMULA SO THAT PRODUCTION AND CONSUMPTION WOULD BE CONTROLLED FOR ALL PHASES, RATHER THAN PRODUCTION AND IMPORTS FOR FIRST PHASE. U.S. WAS SUCCESSFUL IN GETTING REFERENCE TO CFC CONTENT OF PRODUCTS ELIMINATED FROM CONSUMPTION DEFINITION, THUS FOCUSING FORMULA DISCUSSION ON BULK CHEMICALS ONLY (ON WHICH U.S. OFFERED DEFINITION TO INCLUDE PRODUCTS CONTAINING 20 PCT BY EITHER WEIGHT OR VOLUME).

11. DEVELOPING COUNTRY ISSUE: QUESTIONS OF PER CAPITA CONSUMPTION LIMIT AND LENGTH OF GRACE PERIOD WERE LEFT OPEN UNTIL DATA/ESTIMATES COULD BE OBTAINED TO PROVIDE SOME GUIDANCE ON THE LIKELY EFFECTS OF THE PROPOSED GRACE PERIOD. U.S. AND EC JOINTLY OFFERED LANGUAGE TO CLARIFY "PARALLEL MANNER" IN WHICH DEVELOPING COUNTRIES WOULD BE SUBJECT TO CONTROL PROVISIONS FOLLOWING THIS PERIOD. U.S. RAISED QUESTION OF WHERE SUPPLY WOULD BE PRODUCED TO MEET THE INCREASED DEMAND BY LOW-CONSUMING COUNTRIES (LCC) DURING THE GRACE PERIOD AND SUGGESTED OPTION OF USING UNDERUTILIZED CAPACITY IN DEVELOPED COUNTRIES, WITH LIMITS ON BULK RE-EXPORT FROM THE LCC. ALL COUNTRIES CAME TO APPRECIATION OF PROBLEM WITHOUT REACHING AGREEMENT ON SOLUTION. SPECIFIC CONCERNS CENTERED ON CERTIFICATION OF DESTINATION BY EXPORTING DEVELOPED COUNTRIES (ESPECIALLY WHERE EXPORTER MIGHT NOT BE PRODUCER) AND CREATION OF "CFC HAVENS" IN DEVELOPING COUNTRIES FOR RE-EXPORT OF BULK OR PRODUCTS CONTAINING CFC'S TO DEVELOPED COUNTRY MARKETS.

12. TRADE ARTICLE: U.S. WAS SUCCESSFUL IN GETTING ARTICLE SPECIFICALLY LIMITED TO TRADE WITH NON-PARTIES AND IN TIGHTENING LANGUAGE TO MAXIMIZE INCENTIVES FOR COUNTRIES TO JOIN THE PROTOCOL. DISCUSSION OF RESTRICTIONS ON IMPORTS OF PRODUCTS CONTAINING CFC'S (PARA 2 IN ARTICLE) REVEALED CONTINUING WIDE DIFFERENCES WITH EC ON THIS ISSUE. RETURN TO PARA 2 LANGUAGE PROPOSED BY U.S. IN FEBRUARY WAS SUGGESTED AS ONE POSSIBLE MEANS OF RESOLVING DIFFERENCES (EC INDICATED THAT THEY COULD NOT PROPOSE, BUT MIGHT BE ABLE TO ACCEPT, THIS LANGUAGE). EC OFFERED LANGUAGE TO GRANDFATHER EXISTING AID PACKAGES REGARDING BAN ON ANY AID INVOLVING CFC'S AND TO LIMIT THE BAN TO AID FOR PRODUCTION (BUT NOT USE) OF CFC'S, AND THIS SATISFIED DEVELOPING COUNTRIES WHICH HAD BRACKETED THIS PARAGRAPH IN GENEVA. U.S. OFFERED LANGUAGE TO CLARIFY AND LIMIT EXCEPTION FOR NON-PARTIES IN COMPLIANCE WITH THE CONTROL PROVISIONS OF THE PROTOCOL.

13. PRINCIPAL ISSUES FOR RESOLUTION BEFORE OR IN MONTREAL ON TRADE ASPECTS OF THE PROTOCOL ARE NOW THE FOLLOWING:

-- BASE YEAR: WE NEED TO DEVELOP THE DATA AND ESTIMATES TO RESPOND TO EC CLAIM THAT 1986 CANNOT BE USED AS BASE YEAR FOR CONSUMPTION. THIS MEANS GETTING U.S. INDUSTRY COOPERATION IN DISAGGREGATING TRADE DATA WORLDWIDE FOR 1986 AND INDICATING PRODUCT FLOWS NECESSARY FOR CALCULATING APPARENT CONSUMPTION.

-- EXPORTS TO NON-PARTIES: EC WILL NOT AGREE TO EITHER BAN OR COUNT AGAINST DOMESTIC CONSUMPTION UNLESS/UNTIL THEY ARE ASSURED THEIR MAJOR EXPORT MARKETS ARE INCLUDED IN THE PROTOCOL. BECAUSE THIS IS A VITAL ECONOMIC INTEREST IN THE EC, WE MAY HAVE TO ACCEPT DEFERRAL OF RESOLUTION OF THIS QUESTION UNTIL THE MEMBERSHIP IN THE PROTOCOL BECOMES CLEARER.

-- DEVELOPING COUNTRY ISSUE: HERE THERE ARE A SERIES OF INTERRELATED QUESTIONS CENTERING AROUND HOW TO SUPPLY INCREASED CONSUMPTION BY THESE COUNTRIES DURING THE GRACE PERIOD. ONE SOLUTION (SUGGESTED BY GHANA) MAY BE TO SCALE THIS TREATMENT BACK TO LEAST DEVELOPED COUNTRIES (BY LOWERING THE PER CAPITA LIMIT) TO MINIMIZE THE "CFC HAVEN" PROBLEM.

-- NON-PARTIES/PRODUCTS CONTAINING CFC'S: WE NEED TO REEXAMINE THE FEBRUARY LANGUAGE TO SEE IF IT RESPONDS TO OUR NEEDS FOR A STRONG SIGNAL THAT STILL CONTAINS SUFFICIENT FLEXIBILITY.

-- NON-PARTIES/COMPLIANCE: SINCE THERE APPEARS TO BE STRONG SUPPORT BY OTHER COUNTRIES FOR AN EXCEPTION FOR NON-PARTIES IN COMPLIANCE WITH THE PROTOCOL, WE NEED TO DEVELOP OUR CASE FOR TIGHTENING THIS PROVISION TO AVOID THE OBVIOUS LOOPHOLE IT COULD CREATE IF NOT PROPERLY LIMITED AND ADMINISTERED.

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BRUSSELS ALSO FOR USEC

E.O. 12356: N/A
TAGS: SENV, UNEP, ETRD
SUBJECT: OZONE NEGOTIATIONS: MEETING OF LEGAL
DRAFTING GROUP, THE HAGUE, JULY 6 - 9, 1987; U.S.
DELEGATION REPORT

1. SUMMARY/INTRODUCTION: THE "LEGAL DRAFTING GROUP"
MET IN THE HAGUE ON JULY 6-9 TO ADDRESS OUTSTANDING
LEGAL AND INSTITUTIONAL MATTERS AND TO PREPARE THE
SEVENTH REVISED DRAFT PROTOCOL ON OZONE-DEPLETING
SUBSTANCES. THE MEETING WAS CHAIRED BY PROFESSOR J.
LAMMERS OF THE NETHERLANDS. PARTICIPANTS INCLUDED
EXPERTS FROM ARGENTINA, AUSTRALIA, CANADA, EGYPT,
FINLAND, FRANCE, GHANA, JAPAN, THE U.K., THE U.S., AND
THE EC. (WE UNDERSTAND THAT REPRESENTATIVES FROM THE
EC AND JAPAN WERE NOT ORIGINALLY INVITED TO PARTICIPATE
IN THIS SMALL WORKING GROUP; THEY WERE INCLUDED ONLY
AFTER THEY CONTACTED UNEP AND REQUESTED THAT THEY BE
ALLOWED TO ATTEND).

BECAUSE OF PROLONGED DISCUSSION ON ARTICLE 2 (CONTROL
MEASURES) AND NEED TO OPPOSE EC/U.K. CONCERTED EFFORT
TO BRACKET ALL FIGURES ON REDUCTIONS AND TIMING OF

REDUCTIONS, THE GROUP DID NOT COMPLETE A FULL REVIEW OF
DRAFT PROTOCOL TEXT -- DESPITE ONE-DAY EXTENSION OF
MEETING. USDEL WAS SUCCESSFUL IN PROTECTING PROGRESS
ACHIEVED IN BRUSSELS ON CONTROL MEASURES AND
INCORPORATING IN DRAFT TEXT (AND/OR EXPLANATORY
FOOTNOTES) A NUMBER OF U.S. NEGOTIATING OBJECTIVES.
SEVERAL ISSUES (E.G., CONSEQUENCES OF NONCOMPLIANCE)
COULD NOT BE RAISED AT THIS MEETING BECAUSE OF TIME
CONSTRAINTS. HOWEVER, LEGAL GROUP WILL CONTINUE ITS
WORK IN MONTREAL, RECONVENING ON SEPTEMBER 7 -- ONE DAY
EARLIER THAN OTHER WORKING GROUPS. HIGHLIGHTS OF MAJOR
SUBSTANTIVE ISSUES DISCUSSED IN THE HAGUE FOLLOW. END
SUMMARY/INTRODUCTION.

2. ARTICLE 2 (CONTROL MEASURES): NEARLY TWO DAYS WERE
CONSUMED IN PROTRACTED DEBATE OVER ARTICLE 2 OF
PROTOCOL TEXT. INITIAL SUSPICION OF AMALGAMATED DRAFT

TEXT OF ARTICLE 2 RESULTING FROM INFORMAL MEETING IN
GENEVA PREVIOUS WEEK (MERGING TEXT ON CONTROL MEASURES
WITH PROPOSAL ON REDUCTION FORMULA) GAVE WAY TO
ACCEPTANCE, WITH ONLY MINOR MODIFICATIONS. GROUP THEN
SPENT ALMOST ALL OF SECOND DAY DEBATING WHETHER TEXT
SHOULD PUT ALL NUMBERS IN BRACKETS (UK AND EC
POSITION), DELETE NUMBERS AND INSERT BLANKS THROUGHOUT
TEXT (CANADIAN POSITION), OR PUT IN NUMBERS AND
BRACKETS AS THEY APPEARED IN UNEP EXECUTIVE DIRECTOR
TOLBA'S ORIGINAL TEXT (US AND EGYPTIAN POSITION).
AFTER STRONG INTERVENTION BY USDEL, SAYING THAT
PROPOSED DEVIATION FROM TOLBA'S TEXT WOULD BE A MAJOR
SUBSTANTIVE CHANGE, CANADA OFFERED COMPROMISE WHICH
GROUP ACCEPTED: PUTTING IN TOLBA'S NUMBERS AND
BRACKETS, BUT INCLUDING A FOOTNOTE NOTING THAT FIGURES
IN ARTICLE 2, WHETHER OR NOT IN BRACKETS, WERE INSERTED
BY UNEP EXDIR AFTER INFORMAL CONSULTATIONS IN BRUSSELS,
JUNE 29-30.

RESULTING ARTICLE 2 TEXT COMBINES THE RESULTS OF
EXDIR'S INFORMAL DISCUSSIONS WITH THAT OF THE FORMULA
SUB-GROUP. REFINEMENTS INCLUDE: A DEFINITION OF
"CONTROLLED SUBSTANCES" (WHICH SUBSUMES THE CONCEPT OF
"BULK"), CREATION OF AN ANNEX LISTING THE CONTROLLED
SUBSTANCES AND THE OZONE DEPLETION POTENTIALS (ODP),
AND A SEPARATE ARTICLE DELINEATING HOW TO CALCULATE ODP
WEIGHTED QUANTITIES OF PRODUCTION, IMPORTS, EXPORTS,
AND CONSUMPTION.

3. LATE ENTRANTS: THE U.K. CLAIMED THAT ARTICLE 2 ON
CONTROL MEASURES DID NOT MAKE CLEAR HOW CONTROLS WOULD

APPLY TO STATES AND REGIONAL ECONOMIC INTEGRATION
ORGANIZATIONS (REIOS) THAT BECOME PARTIES AFTER ENTRY
INTO FORCE OF PROTOCOL. USDEL POINTED OUT THAT THE
OBLIGATIONS IN ARTICLE 2 ARE STATED IN TERMS OF THE
ENTRY INTO FORCE OF THE PROTOCOL ITSELF -- NOT ENTRY
INTO FORCE OF THE PROTOCOL FOR A PARTY. THUS, IN U.S.
OPINION, PLAIN MEANING OF THE LANGUAGE USED IN ARTICLE
2 INDICATED THAT NO "SPECIAL PROVISIONS" ARE TO BE
AFFORDED STATES OR REIOS THAT DELAY RATIFICATION,
ACCEPTANCE, ETC. OF THE PROTOCOL. USDEL, HOWEVER, DID
NOT OPPOSE ATTEMPT TO EXPRESS THIS INTENT MORE
EXPLICITLY, ESPECIALLY IF SOME DELEGATIONS FELT THAT
ARTICLE 2 COULD BE SUBJECT TO A DIFFERENT
INTERPRETATION. U.S. INTERVENTION WAS PRINCIPALLY
DESIGNED TO AVERT ARGUMENT THAT ARTICLE 2 INDICATES
INTENT TO ALLOW DELAYED COMPLIANCE BY LATECOMERS).
ISSUE WAS RESOLVED FOR THE TIME BEING BY HAVING A SMALL
GROUP DRAFT LANGUAGE TO STATE MORE CLEARLY THE INTENT
OF NO SPECIAL TREATMENT FOR LATE ENTRANTS; THE LANGUAGE
IS INCLUDED AS A FOOTNOTE TO THE SEVENTH REVISED TEXT
FOR CONSIDERATION IN MONTREAL.

4. REPORTING OF DATA: U.S. EXPERTS WERE SUCCESSFUL IN
GETTING VERY SPECIFIC DATA REPORTING REQUIREMENTS INTO
TEXT AS SEPARATE ARTICLE, AS WELL AS REQUIREMENTS THAT
GUIDELINES/PROCEDURES FOR REPORTING DATA BE ESTABLISHED
AT MEETING OF PARTIES AND THAT SECRETARIAT DISTRIBUTE
DATA REPORTED.

5. TRADE WITH NON-PARTIES: ONLY MINOR DRAFTING
REFINEMENTS MADE TO TRADE ARTICLE TEXT WHICH RESULTED
FROM BRUSSELS CONSULTATIONS. SEVERAL QUESTIONS WERE
RAISED AS TO NECESSITY FOR AND INTENT OF PARAGRAPH 7.

6. PRODUCERS/CONSUMERS WEIGHTING PROVISION: THE
USDEL PROPOSED PROVISIONS REQUIRING THAT A SPECIFIC
PERCENTAGE OF PRODUCTION/CONSUMPTION OF THE CONTROLLED
SUBSTANCES REPRESENTED BY THE PARTIES BE INCLUDED IN

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THE REQUIRED MAJORITY BEFORE AMENDMENTS TO THE PROTOCOL, ADDITIONAL ANNEXES AND AMENDMENTS TO ANNEXES TO THE PROTOCOL COULD ENTER INTO FORCE. THE DELEGATION NOTED THAT BECAUSE OF LIMITED COUNTRY REPRESENTATION, IT WOULD AGREE TO THE INCLUSION OF THIS PROPOSAL IN BRACKETS. EVEN THOUGH SUCH A PROVISION ON ITS FACE WOULD BE ADVANTAGEOUS TO SIGNIFICANT PRODUCERS SUCH AS THE EC AND ITS MEMBER STATES, THE U.K., FRANCE AND THE

EC OPPOSED GROUP'S CONSIDERATION OF THIS PROPOSAL AND ITS INSERTION IN THE DRAFT PROTOCOL TEXT. THEY ASSERTED THAT THE PROPOSAL WAS NOT A "LEGAL OR OTHER INSTITUTIONAL MATTER" AND THUS WAS OUTSIDE THE MANDATE OF THE LEGAL GROUP. FRANCE ALSO SUGGESTED THAT SUCH "NATIONAL PROPOSALS" SHOULD BE RAISED VIA CABLE TO CAPITALS. USDEL POINTED OUT THAT THERE WERE SEVERAL SO-CALLED "NATIONAL PROPOSALS" INCLUDED IN THE DRAFT PROTOCOL TEXT AND THAT THE GROUP HAD JUST FINISHED DISCUSSING ONE OF THEM -- I.E., JAPAN'S PROPOSAL FOR TRANSFER OF PRODUCTION RIGHTS, WHICH APPEARS IN ARTICLE 2. USDEL ALSO REMARKED THAT THE CONCEPT PROPOSED WAS ALREADY INCLUDED IN TWO PARAGRAPHS OF ARTICLE 2 ON CONTROL MEASURES AND IN PROVISIONS ON ENTRY INTO FORCE OF THE PROTOCOL; U.S. PROPOSAL MERELY EXTENDED THIS CONCEPT TO OTHER PROPOSED DECISIONS RELATING TO THE PROTOCOL. FURTHERMORE, WITH RESPECT TO THE LEGAL GROUP'S MANDATE, USDEL OBSERVED THAT NO GROUP OTHER THAN LEGAL GROUP HAD BEEN SPECIFICALLY AUTHORIZED TO DEAL WITH THE PROTOCOL'S AMENDMENT PROVISIONS. EGYPT STRONGLY SUPPORTED U.S. POSITION THAT MATTER WAS WITHIN PURVIEW OF LEGAL GROUP'S MANDATE.

AFTER AN ANIMATED DEBATE, THE FOLLOWING COMPROMISE WAS REACHED: THE PROPOSAL WOULD BE MENTIONED IN A FOOTNOTE TO THE ARTICLE ON ENTRY INTO FORCE, NOTING THAT THE PROPOSAL WAS NOT FULLY DISCUSSED BECAUSE OF TIME CONSTRAINTS AND LIMITED COUNTRY REPRESENTATION AND NOTING THE ASSERTION THAT THE PROPOSAL RAISED A NEW SUBSTANTIVE ISSUE.

7. EC AS SINGLE UNIT: IN THE CLOSING MINUTES OF THE MEETING, THE EC TABLED A PROPOSAL FORMALIZING ITS PREVIOUS VERBAL ASSERTION THAT ITS MEMBER STATES SHOULD BE TREATED AS A SINGLE PRODUCING UNIT. THE EC'S PROPOSAL PROVIDES, A REIO "MAY DECLARE THAT FOR PURPOSES OF ITS OBLIGATIONS UNDER ARTICLE 2 (CONTROL MEASURES) AND 4 (CONTROL OF TRADE WITH NON-PARTIES), THE AREA IN WHICH ITS RULES APPLY SHALL BE TREATED AS A SINGLE UNIT. ITS OBLIGATION AND THE OBLIGATIONS OF ANY MEMBER STATES OF THE SAID ORGANIZATION WHICH IS A PARTY SHALL BE MODIFIED ACCORDINGLY."

THE USDEL DENOUNCED THE PATENT INCONSISTENCY BETWEEN THE EC'S RIGID STANCE ON THE THE GROUP'S INABILITY TO CONSIDER THE U.S. PROPOSED PRODUCER/CONSUMER WEIGHTING PROVISION AND THE EC'S SUBSEQUENT PROPOSAL THAT THE GROUP ADDRESS ITS ARTICLE ON REIOS. USDEL FURTHER

NOTED THAT UNLIKE THE U.S. PROPOSAL, THE EC'S PROFFER EXPRESSLY CONCERNED ARTICLES THAT WERE BEING ADDRESSED BY TWO OTHER WORKING GROUPS -- THE CHAIRMAN'S GROUP AND THE TRADE GROUP -- WHICH HAD JUST MET IN BRUSSELS. ON THE MERITS, THE USDEL COMMENTED THAT THE EC'S PROPOSAL IMPLICATES A NUMBER OF ISSUES, INCLUDING EC COMPETENCE; THE STATUS OF THE EC AND ITS MEMBER STATES FOR PURPOSES OF THE PROTOCOL (E.G., WHETHER THE EC AND ITS MEMBER STATES SHOULD BE TREATED AS SINGLE PARTY AND BE AFFORDED ONLY ONE VOTE); AND POSSIBLE DIMINISHED EFFECTIVENESS AND ENFORCEABILITY OF PROTOCOL IF SIMILAR TREATMENT IS AFFORDED OTHER REIOS. THE ONLY OTHER

COUNTRIES PRESENT DURING THIS DISCUSSION WERE EGYPT, WHOSE COMMENTS DID NOT ADDRESS THE SUBSTANCE OF THE PROPOSAL, AND THE U.K. AND JAPAN, BOTH OF WHICH MAINTAINED SILENCE ON THIS SUBJECT. DECISION ULTIMATELY REACHED WAS TO GIVE EC PROPOSAL SAME TREATMENT GIVEN U.S. PRODUCERS/CONSUMERS WEIGHTING PROPOSAL -- I.E., NOTATION WOULD BE MADE IN FOOTNOTE THAT EC'S PROPOSAL WAS MADE BUT NOT DISCUSSED.

8. EXTENSION OF WITHDRAWAL PERIOD FOR LCCS: TIME DID NOT PERMIT USDEL TO RAISE THIS PROPOSAL IN FORMAL WORKING SESSION, BUT INFORMAL CONSULTATIONS WITH SEVERAL DELEGATIONS (CANADA, U.K., EC) INDICATED AGREEMENT THAT PRE-WITHDRAWAL PERIOD SPECIFIED IN CONVENTION (TOTAL OF 5 YEARS) SHOULD BE INCREASED FOR LCCS IF THEY ARE GRANTED 5 - 10 YEAR GRACE PERIOD FROM COMPLIANCE WITH CONTROL MEASURES.

9. ATMOSPHERICS: ALTHOUGH ULTIMATELY PRODUCTIVE, MEETING WAS CHARACTERIZED BY CONTENTIOUS ATMOSPHERE, WITH EC LEGAL EXPERT IN PARTICULAR OPPOSING VIRTUALLY ALL U.S. INTERVENTIONS, FREQUENTLY JUST FOR SAKE OF OPPOSITION. HE ALSO PERSISTENTLY OBJECTED TO OTHER PARTICIPANTS' SUGGESTIONS AND PROPOSALS, REGARDLESS OF THEIR RELATIVE INSIGNIFICANCE. HE WAS FOLLOWED BY U.K. EXPERT, WHO TOOK THE VIEW THAT THIS ASSEMBLY WAS STRICTLY A DRAFTING GROUP AND HENCE OPPOSED ADDING ANYTHING SUBSTANTIVELY NEW, EVEN IF THERE WERE OBVIOUS GAPS. U.K. EXPERT, HOWEVER, WAS LESS OBSTREPEROUS THAN HIS EC COUNTERPART, AND OFFERED SOME CONSTRUCTIVE IDEAS. WHILE INITIALLY DISAGREEING WITH THE U.S. OVER THE STATUS OF THE EXDIR'S FORMULATION OF ARTICLE 2, CANADIAN EXPERT SUGGESTED A NUMBER OF COMPROMISES WHICH KEPT THE MEETING FROM BECOMING DEADLOCKED AND GENERALLY SUPPORTED USDEL ON OTHER ISSUES. AUSTRALIAN EXPERT ALSO PLAYED A CONSTRUCTIVE AND CONCILIATORY ROLE.

EGYPT'S EXPERT TURNED OUT TO BE A CONSISTENT AND EFFECTIVE ALLY TO THE U.S. ON MOST ISSUES -- IN CONTRAST TO THE NORDIC REPRESENTATIVE WHO, ALTHOUGH SUPPORTIVE, SPOKE VERY LITTLE THROUGHOUT THE MEETING. JAPANESE EXPERTS WERE MORE ACTIVE THAN USUAL. FINALLY, GIVEN THE DIFFICULT AND DIVISIVE ISSUES COVERED, THE CHAIRMAN WAS EFFECTIVE IN KEEPING THE MEETING MOVING FORWARD AND BRINGING TOGETHER DISPARATE VIEWPOINTS.

10. CONCLUSION/RECOMMENDATION: BECAUSE OF TIME CONSUMED DURING THE MEETING ON STATUS OF TOLBA'S TEXT AND OTHER CONTENTIOUS ISSUES, USDEL WAS NOT ABLE TO RAISE FORMALLY THE ISSUES OF EXTENSION OF WITHDRAWAL PERIOD FOR LCCS, AND APPLICATION OF NON-PARTY TRADE RESTRICTIONS TO NON-COMPLIERS. DELEGATION RECOMMENDS THAT THESE AND OTHER REMAINING LEGAL/INSTITUTIONAL ISSUES BE RAISED WITH KEY CAPITALS VIA CABLE AND/OR OTHER CHANNELS PRIOR TO MONTREAL NEGOTIATING SESSION. SNULTZ