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FILE TRANSFER
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Previously filed: RALPH BLEDSOE DA 18803
330- STRATOSPHERIC OZONE (JUNE 1987 TO
AUGUST 1987) [6]

New file location: RALPH BLEDSOE DA 18804
330- STRATOSPHERIC OZONE (OCTOBER 1987 TO
PRESENT)

Date of transfer: 8/15/00

These meetings are not a meeting of the Parties (since the Protocol will not enter into force until January 1 at the earliest) and cannot change Protocol provisions (e.g., the timing or stringency of the control measures). However, they will be important in encouraging participation in the Protocol and in setting the process in motion for coordinated international implementation of the Protocol's provisions.

Particularly in light of the Ozone Trends Panel report and the subsequent announcements by major U.S. producers that they intend to phase out production of the controlled chemicals by the end of the century, it is important that the United States Government have a coordinated position on the sufficiency of the Protocol's controls. Attached is proposed guidance for U.S.G. participants in the meetings and for statements by U.S.G. officials. If your agency has comments, please provide them by September 8.

In addition to preparing for the October meetings, the interagency working groups on atmospheric science, effects, technical developments, and economic impacts should prepare a plan for U.S.G. participation in each of the assessments to be carried out under Art. 6 of the Protocol. The current UNEP plan is to complete these assessments by August 1989, to allow the Parties at least six months to consider the results before re-assessing the control measures in 1990 in accordance with Art. 6 and Art. 2, para. 9.

Attachment:

1. Guidance
2. Meeting information
3. Nairobi 23755 (Limited Official Use)
4. Report of March 1988 Working Group meeting
5. List of signatories

cc: OES/ENV - ADSens
Justice - Jim Byrnes
Treasury - Cathy Jabara
E - Martin Bailey
EB/DCT - Alix Sundquist
L/OES - David Small
IO/T - Mike Strachan
EUR/RPE - Michael Brownrigg
EAP/EP - Priscilla Stowe

GUIDANCE

- The United States Government strongly supports effective implementation of the Montreal Protocol on Substances that Deplete the Ozone Layer.
- The broadest possible participation in the Protocol is essential to effective protection of the ozone layer.
- The United States Government urges all nations to become Parties to the Protocol as soon as possible.
- The United States Government will contribute actively to the reviews of new scientific, environmental, technical and economic information as provided by the Protocol.
- We urge that the reviews be carried out expeditiously, in order for all governments to consider the information carefully in preparation for reassessment of the Protocol's control provisions in 1990 in accordance with Article 6.
- The findings of the Ozone Trends Panel released March 15, 1988 are significant new information which must be taken into account. The Panel found that global ozone depletion over the past decade has already exceeded natural variability, and that the chemicals controlled by the Montreal Protocol are primarily responsible for the Antarctic ozone hole.
- In response to these findings, major U.S. producers have announced plans to discontinue production of the controlled chemicals by the end of the century.
- U.S. and foreign producers and users have already developed affordable alternatives and substitutes for CFC's and halons for many uses, and we expect that innovation will continue at a rapid pace.
- If the international assessment reconfirms the findings of the Ozone Trends Panel, the United States Government expects that the Parties to the Protocol will decide in 1990 to phase out virtually all production of the controlled chemicals over a reasonable time period, probably by the end of the century.

B. Substitutes and Alternatives; Economic Impacts, October 19-21

We understand that governments will be invited to this session, but have not yet received the invitation. Individuals (many representing organizations such as ASHRAE, CEFIC, etc.) will be invited to give presentations on the status of substitutes and alternatives in specific sectors (e.g., refrigeration, foams, solvents, halons). We expect that industry and environmental groups will be accredited by UNEP as observers (not as members of the U.S. delegation).

U.S.G. Coordinator: Stephen Andersen (EPA)

U.S.G. Delegation: William Nitze (State), head of delegation
Stephen Andersen (EPA)
Rick Bradley (DOE)
Suzanne Butcher (State)
Eileen Claussen (EPA)
William Parker (DOD)
Bob Reinstein (USTR)
Ed Shykind (Commerce)

Substitutes and Alternatives Working Group: EPA, DOC, DOE, DOD

Economic Impacts Working Group: EPA, DOC, DOE, CEA

C. Ad Hoc Working Group of Legal and Technical Experts on Harmonization of Data on Production, Imports and Exports of Ozone-Depleting Chemicals, October 24-26

The report of the Group's first meeting, in March 1988 in Nairobi, is attached. The second meeting will follow up on many of the same issues and will be important in clarifying definitions and procedures in preparation for entry into force. Bill Nitze chaired the group in Nairobi and should continue to do so.

U.S.G. Coordinator: Eileen Claussen (EPA)

U.S.G. Delegation: William Nitze (State), head of delegation
Suzanne Butcher (State)
Eileen Claussen (EPA)
Bob Reinstein (USTR)
Steve Seidel (EPA)
lawyer

Working Group: EPA, USTR, State, DOC, DOE

D. Legal Group, October 27-28

The U.S.G. has received an invitation to a small "meeting of legal experts for the purpose of determining the fulfilment of the provisions in the Protocol for the entry into force." Entry into force is contingent upon ratification by eleven nations representing two-thirds of global consumption.

(A list of countries which have signed and ratified thus far is attached. The Japanese government has indicated it intends to ratify this fall. The EC and its member states plan to ratify simultaneously by the end of the year. Several of the EC member states have completed their internal processes. However, since the French and Greek parliaments do not reconvene until October, it is unlikely that the EC ratifications will be deposited before the meetings in The Hague.)

U.S.G. representative: to be determined



For Your Information

Margaret Rogers

Society of the Plastics Industry

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October 1, 1987

Mr. Lee Thomas
Administrator
United States Environmental
Protection Agency
401 M Street, S.W.
Washington, D.C. 20460

Re: CFC Regulations and the Foam Blowing Industry

Dear Mr. Thomas:

The Society of the Plastics Industry, Inc. (SPI) has been closely involved in the Environmental Protection Agency's (EPA) consideration of chlorofluorocarbon (CFC) regulation. The purpose of this letter is to ask the EPA to consider and incorporate in its proposed rule a regulatory strategy for those in the foam industry who use CFCs: a CFC set-aside for foam blowing use. The need for a new regulatory solution for the foam industry is based on (1) the limited availability of technologically feasible control options in the short to mid term, and (2) the disproportionately high economic impact on the industry which will result from CFC regulation. The EPA cannot adopt CFC regulations which will effectively force many in the foam industry to go out of business while allowing other CFC users to conduct business as usual.

Background

SPI is the major national trade association for the plastics industry. Members having a specific interest in proposals to regulate CFCs include producers of raw materials used in the manufacture of CFC-blown foams, producers of foam products using CFCs, and polyurethane insulating spray foam contractors. A wide variety of foam plastics products will be affected by CFC regulation, as is outlined in more detail below.

CFC-blown insulating products include extruded expanded polystyrene (XEPS) and polyurethane and polyisocyanurate foams. These products are made as board or sheathing, or, in the case of polyurethanes, can be poured or spray applied. Apart from use in residential and commercial buildings, plastic insulating foams are used in appliances, insulated truck and rail cars, in



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building foundations, and under highways and airport runways. CFCs are also used to produce flexible foams which are used in mattresses, furniture, hospital decubitus pads designed to prevent bedsores, carpet underlay, and miscellaneous products such as cosmetic sponges. Foam plastics are used as packaging materials as well. Extruded polystyrene sheet, polyurethane and polyolefin packaging are used in varied applications, from supermarket meat trays and other food uses, to packaging used in various types of electronic and other sensitive equipment, including military equipment.

These foam plastic products have enhanced modern lifestyles, contributed to comfort and health, and, in the case of insulating foams, helped achieve national energy goals. Manufacturers of such products, along with manufacturers of other chemicals used in these products, suppliers and distributors of these products, polyurethane foam contractors, and thousands of companies using foam products in their businesses, will be affected by regulations affecting the availability and price of CFCs.

It is SPI's understanding that EPA will propose regulations by December 1, 1987 which are designed to reduce the use of certain CFCs. The legal framework under which the EPA's regulatory proposal must operate includes (1) the recently-adopted international protocol on CFCs, and (2) § 157 of the Clean Air Act. The protocol calls for a freeze in CFC production at 1986 levels between July, 1989 and 1990, and further phase downs in 1993-94 and in 1998-99 to a cumulative total of 50% reductions from 1986 levels. On the domestic front, § 157(b) of the Clean Air Act requires the EPA to regulate CFCs when it has reasonable grounds to believe that CFCs are depleting stratospheric ozone. The statute specifically states, however, that any regulations designed to control stratospheric ozone "shall take into account the feasibility and costs of achieving such control" (emphasis added). The technological feasibility of control options and the economic impact of regulation are thus key issues which must be considered by the EPA in attempting to regulate CFCs.

SPI appreciates the environmental concerns which are at the heart of efforts to reduce CFC use. Its members are engaged in research to explore the feasibility of using new chemical substitutes in their products, and are committed to efforts ultimately to reduce their use of CFCs which may deplete stratospheric ozone. SPI and its members, however, are dependent on the efforts of the CFC producers to lay the groundwork relative to chemical substitutes. Thus, the development of substitutes is a long-term proposition.

SPI has provided a series of written comments on the numerous documents issued to date by EPA. It has also met with Agency personnel to discuss the technological feasibility of various CFC control options and the economic impact of CFC regulation on the foam industry. It is clear that most segments of the foam blowing industry have no short or mid-term control options which manufacturers themselves can adopt to reduce CFC use. With few exceptions, most foam manufacturers will rely on chemical substitutes, now only in the early stages of development, to replace currently used CFCs^{1/} in their foam blowing operations. The availability of chemical substitutes suitable for foam blowing use in the variety of applications involved is estimated to be seven to ten years away. It should be noted that several different chemical substitutes will in all probability be ultimately used in the foam industry, and the time frame for development of each will likely vary considerably.

The costs of the CFCs used in foam products is a relatively high portion of the cost of the finished product in most segments of the foam industry. Additionally, since foam manufacturers face competition from manufacturers of products which do not contain CFCs, their ability to pass on increased CFC costs is limited. These two important factors differentiate the foam industry from other CFC users and limit the ability of members of the foam industry to withstand CFC price increases. Other users, in contrast, can withstand far more significant price increases than foam blowers can without switching to alternatives, implementing control strategies, or suffering any appreciable shrinkage in their product markets. This means that firms in the foam industry will probably have to absorb higher economic losses than firms in other industries.

SPI is in the process of compiling a study on the economic impact of CFC regulation on the foam industry. Given the very short time table involved and the diversity of the industry, this study focuses on a limited number of segments of the foam blowing industry. Preliminary results indicate, however, that a significant contraction of the foam blowing industry will be felt as a result of regulations which lead to lessened availability and increased prices of CFCs. Foam

^{1/} CFCs 11 and 12 are the principal chlorofluorocarbons used in foam blowing applications, with smaller quantities of other CFCs. CFC 11 is used in polyurethane foam applications, with some small use of CFC 12. CFC 12 is used to make extruded polystyrene foam.

manufacturers, in other words, will often have only a limited ability to compete with other users for scarce CFCs. SPI therefore believes that the disproportionately high impact on the foam industry vis-a-vis other users requires that some special treatment be accorded to foam blowers subject to CFC regulation. To do otherwise would be inconsistent with the EPA's statutory mandate.

The EPA has outlined five regulatory control options to achieve the environmental goal of reducing CFC use. They include: (1) auctions of CFC permits open to all users and producers; (2) establishment of fees on CFC production; (3) establishment of an overall CFC production quota; (4) adoption of "command and control" regulations, i.e., traditional regulatory restrictions involving limits or bans on CFC use and/or required use of process technology or conservation measures; and (5) adoption of a so-called "hybrid" option involving establishment of an overall production quota plus use of selective "command and control" regulations. The overall environmental goals and the timeframe for implementing those goals have now been set by the recently adopted protocol.

In considering the variety of regulatory control options proposed by the EPA, SPI has suggested that allocating to each user segment the amount of CFCs representing such group's pro rata share of CFCs would allow all user industries to obtain an equitable share of CFCs. The EPA staff has responded, however, that due to the large number and variety of users involved, a user group by user group allocation scheme is not practical. The EPA staff also appears to favor allowing market forces to operate so that reductions are achieved, perhaps with some limited "prompting" from the Agency. Apart from the foam blowing industry, however, virtually all other user groups can better withstand CFC price increases which are sure to result from regulation-induced scarcity of CFCs than foam blowers. As a result, much higher price increases of CFCs must occur before other CFC users will adopt control strategies.

The EPA cannot, however, propose regulations which close down segments of the foam industry, but allow other industry segments to operate normally. Due to the disproportionately high economic impact of CFC regulation on the foam blowing industry and lack of technologically feasible control options in most segments, SPI therefore proposes that the EPA adopt a different control strategy: a CFC set-aside for foam blowing use.

CFC Set-Aside for Foam Blowing Use

SPI recommends that the EPA establish a special CFC allocation for the foam industry. This foam blowing allocation of CFCs must include all CFCs currently used in the foam blowing industry. The initial allocation should reflect the proportion of CFC use in the foam blowing industry in 1986, the year of the freeze (approximately 30%). The set-aside would be phased out as chemical substitutes become commercially available for use in foam products. Vital requirements are that only members of the foam blowing industry could be eligible to purchase CFCs from the foam allocation, and producers would be prohibited from selling CFCs from the foam allocation to non-foam users.

EPA regulations incorporating the set-aside concept would apply to purchasers of CFCs for use in the foam blowing industry. Producers would be required to sell CFCs from the foam set-aside only to foamers. EPA regulations could establish eligibility criteria, possibly based on historic use, and should also provide for some way that new entrants in the industry can obtain CFCs. EPA regulations must require proof that CFCs will be used for foam blowing. This could be done by use of some sort of "manifest"-type document, with suitable protection for trade secret information. In order to prevent speculation in CFCs and ensure that the goals of the set-aside are met, those seeking EPA approval to participate in the set-aside should be required to affirm the truth of information provided in any application, subject to existing criminal penalties for false statements imposed by 18 U.S.C. § 1001. Finally, trading in CFC foam blowing permits within the foam blowing industry only should be permitted; trading of CFCs to those outside the foam industry must be strictly prohibited.

Under EPA regulations that implement the freeze, producers would be required to dedicate a pro rata portion of the CFCs they produce for foam blowing. The foam blowing allocation should reflect the generally used CFCs in the foam industry and the proportion of CFCs used. Producers would be permitted to sell from the foam allocations only to foamers demonstrating EPA approval. Members of the foam blowing industry would have to provide proof that they met EPA requirements to CFC producers to be eligible to purchase CFCs from the foam set-aside.

To ensure that the goals of the set-aside are met, and that the set-aside remains consistent with the overall regulations, it should be phased out as appropriate substitutes

become commercially available for use in various segments of the foam industry. Thus, some type of periodic review mechanism would likely be required.

The CFC set-aside concept is conceptually compatible with the regulatory options EPA is considering. Although the number of firms in the foam industry is high, SPI believes that the number of companies purchasing CFCs from producers for foam blowing is relatively small, well under 200 firms.^{2/} Thus, the burden on EPA in administering the CFC set-aside for foam blowing use would be minimal.

A CFC set-aside for foam blowing use offers numerous advantages over the other regulatory options under consideration. First, and most importantly, a foam set-aside is consistent with the EPA's environmental goals and with its statutory constraints relative to the required assessment of economic and technological feasibility issues in adopting CFC regulations. In this regard, SPI's preliminary analysis of the economic impact of CFC regulations indicates that the foam blowing industry will be among the user groups hardest hit as a result of CFC regulations and resulting price increases. This is because in most segments of the foam blowing industry the only feasible control options involve utilization of chemical substitutes - only feasible in the long term, not the short or mid-term.

Second, the CFC set-aside will preserve the foam industry until substitutes are commercially available. Although substantial economic impact will occur even with a set-aside, a CFC set-aside for foam blowing will help avoid the dramatic losses SPI anticipates. The foam industry accounts for only 28% of CFC use, and the set-aside allows for an orderly market transition, allowing the foam industry to survive until chemical substitutes are available.

Third, a set-aside, as noted above, would involve minimal administrative burden to the EPA and to producers. A simple form could be devised to establish that those in the foam industry met appropriate EPA criteria. A copy of this form could be submitted to producers with a purchase order and retained in their files.

Fourth, the set-aside provides incentive to producers to speed the development of substitutes. Since the foam indus-

^{2/} This is because many in the foam industry purchase a chemical "system" from a supplier. It is the systems supplier who purchases CFCs from the CFC producers.

Mr. Lee Thomas
October 1, 1987
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try is dependent on the development of new chemical substitutes to achieve reductions, preserving the foam industry during the developmental period assures that a substantial market for substitutes is available.

Fifth, the set-aside minimizes legal problems the producers will face should they themselves attempt to "allocate" CFCs to their existing customers or to offer price advantages to certain customers less able than others to withstand higher costs. The set-aside avoids those legal issues by allowing, in effect, two market prices for CFCs to be reached. Market forces will operate within the foam set-aside to establish a suitable price for CFCs available in the set-aside. It also will allow market forces to operate in the overall production quota, perhaps providing additional economic incentives to users outside the foam industry to adopt control strategies.

SPI believes that a CFC set-aside for foam blowing use is urgently needed for the foam industry. SPI hereby requests that the EPA include the set-aside concept in its December 1, 1987 proposal and seek public comment on this option. SPI would like an opportunity to outline the set-aside concept in more detail and to provide you with additional background information on the economic impact of CFC regulation on the foam industry. This information should be available after October 20, 1987.

SPI appreciates your consideration of these views.

Respectfully submitted,

MR

Margaret Rogers
Director, Federal Government
Affairs
The Society of the Plastics
Industry, Inc.
1275 K Street, N.W.
Washington, D.C. 20005

cc: ✓ Eileen D. Claussen
John Hoffman

THE WHITE HOUSE
WASHINGTON

October 23, 1987

NOTE FOR BOB DAWSON

FROM: RALPH BLEDSOE



SUBJECT: Stratospheric Ozone

The ratification package is being prepared by the State Department. You can interact with them as it is being put together, or await their transmittal to the President. Prior to the President's submitting the package to Congress, there will likely be a White House clearance process.

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET

ROUTE SLIP

| | |
|-----------------------------|---|
| TO Mr. Ralph Bledsoe | Take necessary action <input type="checkbox"/> |
| Domestic Policy Council | Approval or signature <input type="checkbox"/> |
| Rm. 200 | Comment <input type="checkbox"/> |
| | Prepare reply <input type="checkbox"/> |
| | Discuss with me <input type="checkbox"/> |
| | For your information <input type="checkbox"/> |
| | See remarks below <input type="checkbox"/> |
| FROM BOB DAWSON | DATE OCT 22, 87 |

REMARKS

Ralph,

What opportunity will my agencies have to comment on the specific wording of the protocol?

I have received inquiries on this.

5. Outdoor Recreation Resources and Opportunities. The Council directed that a task force under the Energy, Natural Resources and Environment Working Group prepare an Administration report on outdoor recreation resources and opportunities. Jackie Schafer is chairwoman of the task force. A report can be presented to the DPC on November 23.
6. Marine Debris. A task force of the Energy, Natural Resources and Environment Working Group has been established to study the problem of marine pollution, and government efforts to combat it. A status report should be presented to the Council on November 23.

Other Issues: Biotechnology, Catastrophic Illness Insurance, Presidential Management Improvement Initiatives, Wetlands.

FOLLOW-UP ISSUES

1. AIDS. The Health Policy Working Group discussed the status of the AIDS prevalence study with the Council on September 16. This was continued on September 21. A decision memo on the study has been sent to the President. Also, the President has signed a proclamation on October, 1987 being AIDS Awareness and Prevention Month. Future Working Group topics include the FY89 budget proposals, legislation, legal issues, education and national surveys.
2. Family. A status report on activities of this Working Group, and particularly the Executive Order issued by the President, was presented to the Council on September 21. The Working Group will be responsible for a 180-day report to the President.
3. Federalism. A status report on this Working Group, and particularly progress on development of an Executive Order, was presented to the Council on September 21. The clearance date for the Executive Order is uncertain.
4. Stratospheric Ozone. The final negotiation sessions and signing ceremony for an international protocol on ozone were held in Montreal in mid September. The Council received a report on September 22 on the results of the meetings. The ratification process is being led by the State Department in conjunction with other interested agencies.

TENTATIVE MEETING DATES

| | |
|---|---|
| Wednesday, November 4, 1987 2:00 p.m., Roosevelt Room | Tuesday, November 10, 1987 2:30 p.m., Roosevelt Room |
| Wednesday, November 18, 1987 2:00 p.m., Roosevelt Room | Monday, November 23, 1987 2:00 p.m., Roosevelt Room |
| Tuesday, November 24, 1987 2:00 p.m., Roosevelt Room | |

ACTIVE DPC WORKING GROUPS

- o Adoption Task Force
 - Next meeting: October 19, 1987
- o Agent Orange
 - Last meeting held: October 6, 1987
- o Energy, Natural Resources and the Environment
 - Next meeting: October 20, 1987
- o Family
 - Last meeting held: November 17, 1986
- o Federalism
 - Next meeting: October 22, 1987
- o Health Policy and Economics
 - Last meeting held: September 29, 1987
- o Legal and Regulatory Policy
 - Last meeting held: June 10, 1987
- o Low Income Opportunity Advisory Board
 - Next meeting: October 23, 1987 (tentative)
- o Management and Administration
 - Last meeting held: September 22, 1987
- o Outdoor Recreation Resources Task Force
 - Next meeting: October 22, 1987
- o Privatization
 - Last meeting held: July 1, 1987
- o Tort Policy
 - Last meeting held: March 10, 1987

*File - Strat. Ozone
330*

TO: The Secretary

FROM: L - Abraham D. Sofaer
OES - John D. Negroponte

SUBJECT: Transmittal to the Senate of the Montreal Protocol on
Substances that Deplete the Ozone Layer, September 1987

ISSUE FOR DECISION

Whether to sign the attached report to the President, including a proposed message from the President to the Senate seeking its advice and consent to ratification of the Montreal Protocol on Substances that Deplete the Ozone Layer ("Montreal Protocol").

ESSENTIAL FACTORS

The attached report to the President (Tab A) and proposed message from the President to the Senate (Tab B) have been prepared for the purpose of transmitting the Montreal Protocol (Tab C) to the Senate for its advice and consent to ratification.

The Montreal Protocol was signed by the United States on September 16, 1987 in Montreal, Canada. For the United States to become a Party to the Protocol, it must deposit an instrument of ratification with the Secretary-General of the United Nations, the depositary for this agreement.

The Protocol provides for measures to control emissions of substances that deplete the stratospheric ozone layer. Domestically, these measures will be implemented by EPA regulations under the Clean Air Act. During the negotiations, we coordinated with all relevant agencies and consulted closely with the Congress, industry and environmental groups. U.S. signature of the protocol was done with the concurrence of each key agency, as well as the Domestic Policy Council staff. Congressional support for this protocol also has been broad-based. Some members of the public (including a number of user industries) would have preferred that the Protocol be less stringent; others (including some environmental

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groups and some Senators) would have preferred that it be more stringent. Still, there is general agreement that multilateral measures are preferable to unilateral measures for control of ozone-depleting substances and that the United States should ratify the protocol as adopted.

Entry into force of the Protocol requires ratification, acceptance, approval or accession by eleven nations representing at least two-thirds of global consumption of the controlled substances. Ratification by the United States, which consumes approximately thirty percent of the global total, thus is in effect a prerequisite for entry into force. Early ratification by the United States will demonstrate our commitment to implementation of the Protocol and encourage adherence by other nations whose implementation of the control measures required under the protocol is also essential to achieve effective global protection.

RECOMMENDATION

That you sign the report to the President (Tab A).

Attachments:

- Tab A. Report to the President
- Tab B. Message from the President to the Senate
- Tab C. Protocol Text

The President:

I have the honor to submit to you, with a view to transmittal to the Senate for its advice and consent to ratification, the Montreal Protocol on Substances that Deplete the Ozone Layer.

The Protocol is an important instrument for the protection of a critical global environmental resource. The stratospheric ozone layer prevents harmful amounts of ultraviolet radiation from reaching the earth. Depletion of stratospheric ozone by atmospheric pollutants could result in significant adverse impacts on human health, including an increase in skin cancer rates and suppression of human immune responses. Environmental effects of stratospheric ozone depletion could include reduced crop yields, adverse effects on aquatic ecosystems, including fisheries, and potentially significant climatic changes.

A multilateral regulatory regime, which is established by this protocol, is necessary to control emissions of ozone-depleting substances, since such emissions anywhere affect the ozone layer globally. United States ratification is necessary for entry into force and effective implementation of the Protocol. Early ratification by the United States will encourage ratification by other nations whose participation is also essential. Ratification of the Protocol is consistent with our foreign policy and economic and environmental interests.

The Protocol, negotiated under the auspices of the United Nations Environment Program, is a supplemental agreement to the Vienna Convention for the Protection of the Ozone Layer, adopted in March 1985 and ratified by the United States in August 1986. The Convention provides for research, monitoring, and information exchange, and a framework for the adoption of one or more protocols. While control measures were considered during the Convention negotiations, agreement on a coordinated control regime could not be achieved at that time. The current Protocol is the result of negotiations beginning in December 1986 and concluding in September 1987.

The President,
The White House.

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In negotiating the Protocol, the Department of State coordinated with all relevant federal agencies and consulted closely with the Congress, industry and environmental organizations. Signature of the protocol by the United States was endorsed by all interested agencies and the Domestic Policy Council staff. Congressional support is also broad. While some would have preferred that the Protocol's provisions be more stringent or less stringent, there is widespread agreement among these groups that multilateral rather than unilateral measures are necessary for effective control of ozone-depleting substances, that adoption of the protocol is a significant achievement, and that the United States should ratify the protocol.

Two principal features of the protocol are an obligation to limit consumption and production of ozone-depleting substances (Article 2) and the restriction of trade in controlled substances with States not party to the Protocol (Article 4).

On control measures, Article 2 requires:

- o A freeze at 1986 levels on annual consumption of chlorofluorocarbons 11, 12, 113, 114 and 115 beginning in the seventh month after entry into force, and of halons 1211, 1301 and 2402 beginning three years after entry into force.
- o Long-term scheduled reductions (of twenty percent by 1994, and of fifty percent by 1999) of chlorofluorocarbon annual consumption.
- o Periodic assessments of the control provisions, based upon scientific, environmental, technical and economic information, which could result in addition or removal of chemicals from the list of controlled substances or a change in the reduction schedule or reduction target.

Production of the controlled substances by Parties to the Protocol in individual countries is also controlled, but allowed to remain somewhat above consumption in individual countries, in order maintain sufficient supply for developing countries and to achieve economic efficiencies or to respond to supply shortages. The Parties' total production can be no greater than their total allowed consumption.

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Article 2 also contains specific provisions for Parties whose production in 1986 was less than twenty-five kilotons (paragraph 5); Parties which had production facilities under construction and provided for in national legislation before adoption of the Protocol (paragraph 6); and Parties that are members of a regional economic integration organization (REIO) (paragraph 7). In particular, paragraph 5 of Article 2 permits a Party whose 1986 production of the controlled substances was less than twenty-five kilotons to transfer to or receive from another Party production as long as the combined production of the Parties concerned does not exceed their combined production limits as set by the Protocol. A Party falling within the provisions of paragraph 6, as described above, is entitled to add to its 1986 production the amount produced by such production facilities, provided its annual consumption of the controlled substances does not exceed .5 kilograms per capita. Paragraph 7 permits Parties that are member States of a REIO to fulfill jointly their obligations regarding consumption, as long as their total combined level of consumption does not exceed the limits specified in Article 2 and provided all member States of the REIO and the organization itself are Parties to the Protocol.

Paragraph 5 would allow, for example, U.S. producers to maintain production beyond our allowed consumption level in order to supply Canadian users if small Canadian plants are closed because they have become inefficient as a result of controls. Paragraph 6 would allow the Soviet Union to include in its 1986 base year level expanded production foreseen in its five year plan; with this adjusted base level, it would freeze and begin reducing along with other Protocol Parties. Paragraph 7 would allow the European Economic Community to fulfill jointly its obligation respecting consumption, provided all twelve EEC members join the Protocol.

The procedure for calculating "production" and "consumption" is outlined in Article 3. The calculation takes into account the relative ozone-depleting potentials of the various chemicals.

With respect to trade with non-parties, Article 4 provides for:

- o A ban on imports from non-parties of the controlled substances within one year of the protocol's entry into force.

- 4 -

- o A ban on imports from non-parties of products containing the controlled substances starting in the fourth year following the protocol's entry into force. Within three years of entry into force, the Parties are to elaborate a list of products subject to this provision.
- o Consideration within five years of entry into force of restrictions on imports from non-parties of products produced with (but not containing) the controlled substances.
- o A prohibition against concluding new agreements which provide non-parties with financial assistance for producing the controlled substances.

Article 5 provides a ten-year grace period from compliance with the control measures for low-consuming developing countries that adhere to the protocol, in order to encourage the broadest possible participation in the protocol.

Article 6 specifies that beginning in 1990 and at least every four years thereafter, the Parties shall assess the control measures on the basis of available scientific, environmental, technical and economic information. It provides for expert panels, which are to report to the Parties, to be convened at least one year before each assessment.

Article 7 requires an annual report by each Party of its production, imports and exports of controlled substances. Article 8 requires the adoption of procedures and institutional mechanisms for determining non-compliance and for treatment of Parties found to be in non-compliance. Articles 9 and 10 provide for cooperation in research and exchange of information on alternative substances, products and technologies to reduce emissions of the controlled substances; cooperation in promoting public awareness; and technical assistance to facilitate participation in and implementation of the Protocol. Article 11 provides for meetings of the Parties, which will normally be held in conjunction with meetings of the Parties to the Convention. Article 12 defines the functions of the Secretariat, which will be carried out by the Secretariat established by the Convention.

Article 13 provides that funds required for the operation of the Protocol will be charged against contributions from its Parties, and that financial rules are to be adopted by

- 5 -

consensus. Thus, the Protocol itself contains no mandatory financial obligations, but would commit the United States in principle to payment of its fair share of the future expenses of the secretariat, meetings of the parties, and panels of experts. Costs associated with these activities are likely to be relatively small and are capable of being covered with presently projected agency budgets.

Article 14 states that provisions of the Convention relating to its Protocol shall apply to this Protocol. Article 15 sets out the dates and places where the Protocol is open for signature.

To ensure that the Protocol is effective and the economic burden of the controls is equitably shared, Article 16 provides that the protocol will enter into force only when eleven countries representing at least two-thirds of global consumption have ratified the agreement. The Protocol is to enter into force on January 1, 1989, provided these conditions have been fulfilled and the Convention has entered into force. In the event these stipulations have not been fulfilled by that date, the Protocol will enter into force ninety days after the conditions have been met. The effective date of the freeze would in that case be delayed, but the specified dates for the reduction steps would remain effective.

The obligations the United States would assume under the Protocol will require implementing regulations. EPA is to issue a proposed regulation on December 1, 1987 and intends to issue a final set of regulations by August 1, 1988. The effective date of the regulations would be tied to the entry into force of the Protocol. Section 157 of the Clean Air Act grants the Administrator of the Environmental Protection Agency authority to regulate substances, practices, processes, or activities which he finds may reasonably be anticipated to affect the stratosphere, especially ozone in the stratosphere, if such effect may reasonably be anticipated to endanger public health or welfare. This broad authority provides the statutory basis for implementing the protocol, including its trade provisions.

An environmental impact statement will be separately forwarded to the Senate for its information.

I recommend that the Montreal Protocol for Protection of the Ozone Layer be transmitted to the Senate as soon as possible for its advice and consent to ratification.

Respectfully submitted,

TO THE SENATE OF THE UNITED STATES:

I transmit herewith, for the advice and consent of the Senate to ratification, the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Montreal on September 16, 1987. The report of the Department of State is also enclosed for the information of the Senate.

The Montreal Protocol provides for internationally-coordinated control of ozone-depleting substances, in order to protect public health and the environment from potential adverse effects of depletion of stratospheric ozone. The Protocol was negotiated under the auspices of the United Nations Environment Program, pursuant to the Vienna Convention for the Protection of the Ozone Layer, which was ratified by the United States on August 27, 1986.

In this historic agreement, the international community undertakes cooperative measures to protect a vital global resource. The United States played a leading role in the negotiation of the Protocol. United States ratification is necessary for entry into force and effective implementation of the Protocol. Early ratification by the United States will encourage similar action by other nations whose participation is also essential.

I recommend that the Senate give early and favorable consideration to the Protocol and give its advice and consent to ratification.

THE WHITE HOUSE,

Ozone transmittal ltr. to President, Secretary of State and Senate

Drafter: OES/ENV: SButcher; L/OES: DKennedy
OES/ENV#201 647-9312; 647-1370 10/14/87 rev. 10/27/87

Clearance: OES/E: WANitze
OES/ENV: ADSens
L: EVerille
L/T: HCollums
E: MBailey
EUR: PGarland
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LB

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KEVIN J. FAY

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ALLIANCE FOR RESPONSIBLE CFC POLICY
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November 13, 1987

Ms. Nancy Risque
Assistant to the President
and Cabinet Secretary
The White House
Washington, D.C. 20500

Dear Ms. Risque:

I am writing to advise you that the Alliance for Responsible CFC Policy will support ratification by the U.S. Senate of the "Montreal Protocol on Substances that Deplete the Ozone Layer."

The Alliance for Responsible CFC Policy, a coalition of U.S. industries that use and produce chlorofluorocarbon chemicals, has been an active participant in efforts to identify appropriate policies regarding protection of the earth's stratospheric ozone layer, including the potential further control of CFCs. On September 16, 1986, the Alliance issued a call for the negotiation of an international agreement under the auspices of the United Nations Environment Programme (UNEP) to cap the rate of growth of fully-halogenated CFC production capacity.

The Montreal Protocol, which was signed by the U.S. and 23 other nations on September 16, 1987, is a significant accomplishment that attempts to balance the needs for environmental protection and economic growth. Although the Alliance believes that the CFC growth limitation is desirable, we do not agree that the further reductions contained in the agreement are necessary to protect the environment or to provide the economic stimulus in the U.S. to develop CFC substitutes and emission control technologies.

To the extent that the agreement attempts to establish a more level playing field among world competitors, and provides a process for ongoing reevaluation and assessment of the science, economic and technological issues, the Alliance continues to believe that this process is far better than the failed policy of unilateral controls by the United States and the serious harm that would be inflicted upon the U.S. economy and U.S. consumers as a result of such a policy.

Recognizing these facts, the Alliance intends to support ratification of the Montreal Protocol by the U.S. Senate. It is our understanding that the agreement may be transmitted to the Senate as early as the first week of December. As has been discussed, if there is to be some type of official ceremony to transmit the Protocol to the Senate, the Alliance is willing to participate in such an event.

Please do not hesitate to contact Kevin Fay, Executive Director of the Alliance, if you have any further questions regarding this matter.

Sincerely,



Richard Barnett
Chairman

KFJ:sct

cc: The Honorable Lee Thomas, Administrator
U.S. Environmental Protection Agency

The Honorable John Negroponte, Assistant Secretary
U.S. Department of State

Senator Claiborne Pell, Chairman
Senate Foreign Relations Committee

Senator Jesse Helms, Ranking Minority Member
Senate Foreign Relations Committee

Senator Quentin Burdick, Chairman
Senate Environment & Public Works Committee

Senator Robert Stafford, Ranking Minority Member
Senate Environment and Public Works Committee

Senator Max Baucus, Chairman
Senate Hazardous Wastes and Toxic Substances Subcommittee

Senator John Chafee, Member
Senate Environment and Public Works Committee

Representative John Dingell, Chairman
House Energy & Commerce Committee

Representative Norman Lent, Ranking Minority Member
House Energy & Commerce Committee

ALLIANCE FOR RESPONSIBLE CFC POLICY
1901 N. FT. MYER DRIVE, SUITE 1204
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Ms. Mary Beth Riordan
Domestic Policy Council
200 Old Executive Office Building
Washington, D.C. 20500



PRESERVATION COPY

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

December 21, 1987

TO THE SENATE OF THE UNITED STATES:

I transmit herewith, for the advice and consent of the Senate to ratification, the Montreal Protocol on Substances that Deplete the Ozone Layer, done at Montreal on September 16, 1987. The report of the Department of State is also enclosed for the information of the Senate.

The Montreal Protocol provides for internationally coordinated control of ozone-depleting substances in order to protect public health and the environment from potential adverse effects of depletion of stratospheric ozone. The Protocol was negotiated under the auspices of the United Nations Environment Program, pursuant to the Vienna Convention for the Protection of the Ozone Layer, which was ratified by the United States in August 1986.

In this historic agreement, the international community undertakes cooperative measures to protect a vital global resource. The United States played a leading role in the negotiation of the Protocol. United States ratification is necessary for entry into force and effective implementation of the Protocol. Early ratification by the United States will encourage similar action by other nations whose participation is also essential.

I recommend that the Senate give early and favorable consideration to the Protocol and give its advice and consent to ratification.

RONALD REAGAN

THE WHITE HOUSE,
December 21, 1987.

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REPORT ON BUSINESS

Business seeks ways to conform to ozone-protecting regulations

BY COLIN MacKENZIE
Globe and Mail Correspondent
WASHINGTON

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

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

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

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

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

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

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

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

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

persist before breaking down.

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

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

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

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

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

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

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

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

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

"Industry must see and use CFCs and halons as national treasures," said Billy Tullos, business manager of Great Lakes Chemical Corp. of West Lafayette, Ind. "We are told

they last 100 years in the atmosphere. Well we should be using them at least that long."

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

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

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

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

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

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

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

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

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

Stratosphere
330

ENVIRONMENTAL FOCUS/ROCHELLE L. STANFIELD

An unusual bubble of consensus has been riding the stratosphere in the form of a rare agreement between government officials, industry representatives and environmentalists. They agree that the use of the family of chemicals called chlorofluorocarbons (CFCs) must be reduced in order to save the ozone layer high above the earth and that an international treaty to reduce their consumption—signed last September in Montreal—is an essential first step.

The bubble may be burst by a congressional pin.

To go into effect on the target date of Jan. 1, 1989, the treaty must be ratified by at least 11 of the 24 countries that consume two-thirds of the world's CFCs. The United States, one of the biggest producers and users of CFCs and the prime mover behind the treaty, is looked to by other countries to lead the global ratification effort. There's next to no opposition to the treaty in this country, but the Senate Foreign Relations Committee is likely to hold up its consideration until late spring while it debates the intermediate-range nuclear force treaty and reform of the War Powers Resolution.

Ozone treaty supporters fear that a U.S. delay will give opponents of the treaty, particularly in Great Britain and Japan, ammunition to slow down or halt acceptance by members of the European Community and the Asian countries.

And so, supporters were trying to work out a behind-the-scenes maneuver to expedite consideration by taking up the treaty at a routine Foreign Relations business meeting rather than a formal hearing. Apparently, that is not to be.

The supporters are eager to avoid hearings for two reasons. First is timing: With a hearing put off until April, at the earliest, approval could take most of the year. But they also worry that hearings—even if they are structured to be perfunctory—would open up the whole ozone issue and become very divisive.

New scientific reports show ozone being depleted at a much faster rate than previously thought. Many ozone experts, such as Michael B. McElroy of Harvard University, believe that the treaty as it now stands will accomplish too little too late. But neither these scientists nor environmental lobbyists who seek unilateral action by the United States beyond the treaty provisions want to derail the treaty. They unanimously support it, viewing it as the least the world can do to attack the problem. In addition, they recognize that the treaty has provisions for moving up its deadlines for reducing CFC use, if the signatories can agree on new deadlines. Nonetheless, some treaty supporters fear that any show of divisiveness on this issue could also delay ratification of the treaty and could be used by opponents in other countries to defeat it.

The Foreign Relations Committee, however, quietly decided to require a hearing. Several committee members and their staffs weren't aware that a decision had been reached. The reason given was that a treaty—any treaty—requires a hearing, a view put forward most vigorously by ranking Republican Jesse A. Helms of North Carolina. Some treaty supporters see this as a subtle way of delaying the treaty; Helms has never overtly op-

posed the treaty but has personal ties to Reagan Administration officials in the Interior Department and elsewhere who have fought the treaty within the Cabinet-level Domestic Policy Council.

Last spring, those officials had tried unsuccessfully to persuade President Reagan to reopen the U.S. position on the treaty and thus undercut the international negotiating position of the State Department and the Environmental Protection Agency (EPA).

Any last-ditch effort to defeat the treaty would be ironic, considering the overwhelming support it has in most corners of the United States, including the business community.

True, at EPA's Jan. 7-8 public hearings on its proposed regulations to implement the U.S. role in putting the treaty into effect, the Natural Resources Defense Council Inc. (NRDC), among other environmental organizations, along with some scientists, criticized the proposal as not going far enough. (EPA has an obligation under the Clean Air Act to take unilateral action to protect the ozone layer, insisted David D. Doniger, NRDC senior attorney.)

But nobody attacked the treaty or U.S. implementation of its provisions. "We've never had such a love affair [over a regulation]," said Eileen

Claussen, the EPA official in charge of the ozone treaty. "It's a unique thing. At the hearing, a speaker from industry said, 'We support the rule.'"

On most environmental issues, industries hold off implementing forthcoming regulations until they absolutely have to—often taking the agency to court to delay that date as long as possible. That is not the case with CFCs. Long before the treaty deadlines—which give the signatory nations until 1998 to reduce CFC use by 50 per cent or face sanctions—industry is scurrying for alternatives. American Telephone & Telegraph Co. (AT&T) has announced that it is switching from CFC-113 to an environmentally benign product manufactured from orange rinds and papermill by-products to clean computer circuit boards. AT&T currently uses about 3 million pounds of CFC-113 a year to do various cleaning jobs. Company spokesmen said the new product, called Bioact EC-7, will replace about a third of the CFC-113 used by AT&T. Total global use of CFC-113 is 360 million pounds a year, and so EC-7 is not the answer to everyone's prayers. But EPA officials, scientists and environmentalists are encouraged by this potential substitute because the use of CFC-113 had been growing dramatically.

It seems that people are determined to reduce ozone damage one way or another. A week after the public hearings, EPA, Environment Canada and the Conservation Foundation co-sponsored a conference and trade fair on CFC substitutes. To the surprise of the hosts, more than 600 participants showed up, including representatives of 20 countries.

"It's an example of the can-do spirit in action," said Richard E. Benedick, who was the principal U.S. negotiator of the ozone treaty. "It's the spirit of Yankee ingenuity to get on with the job." □

A Can-Do Treaty



Martin Kozlowski/INX

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opment during an oil crisis. If such a situation occurs, he said, there would not be time to insist that environmental protection measures be taken by oil companies.□

Environment

CLOSER COOPERATION BETWEEN AID, EPA AIMED AT PROTECTING NATURAL RESOURCE BASE

Top officials of the Agency for International Development and the Environmental Protection Agency, in a move to diminish the adverse environmental effects of development and preserve the global environment and natural resource base, Feb. 17 signed an agreement to further incorporate EPA's experience and technical expertise into U.S. foreign assistance programs.

Signing the agreement at the State Department were AID Administrator Alan Woods and EPA Deputy Administrator A. James Barnes, filling in for EPA Administrator Lee Thomas who was testifying before the Senate Foreign Relations Committee on the Montreal Protocol to protect the stratospheric ozone layer.

The technical service memorandum of understanding extended and enhanced an agreement signed in 1972 by confirming the past linkage and adding a broader range of specified tasks.

EPA will be looked to for "special environmental studies and assessments; technical support and advice to developing countries; and better methods for helping developing countries assess their own environmental needs and capabilities," an AID press statement describing the agreement said.

Officials from the two agencies told BNA that the agreement generally follows the language of the 1972 version, but signifies a move to involve EPA more extensively in AID program and policy directions.

Edwin Johnson, director of the Developing Countries Staff in EPA's Office of International Activities, told BNA the agreement represents a "renewed commitment in the cooperative effort between the two agencies." He said the expansion had been occurring over the last couple of years as EPA, under Thomas' direction, had put more emphasis on environmental programs and developing countries.

Under the agreement, he said EPA will not only provide technical experts on specific issues but will also become more involved in providing assistance in basic programs and policy at AID.

The agreement specified that the environmental coordinator for AID and the Office of International Activities at EPA are to serve as the respective agency contact points.

Calling the agreement to be signed "more important than ever," Woods said AID "realizes that economic growth in developing countries must go hand in hand with environmental factors."

Citing a range of environmental problems, Woods said, "If anything, our emphasis on the environment needs to become even stronger." He called attention to deforestation that is occurring "at an unprecedented rate," deserts that are continuing "to eat up already

scarce farm land," and the "indiscriminate pesticide use and urban pollution" that "are endangering lives and damaging precious resources."□

Health

SENATE LABOR COMMITTEE APPROVES MANDATED BENEFITS BILL

The Senate Labor and Human Resources Committee Feb. 17 voted 10-8 to approve S 1265, a bill that would require employers to provide employees with a minimum level of health benefits.

Sen. Lowell Weicker (R-Conn) was the only one of the committee's seven Republican members to vote to report out the bill. Weicker, along with Sen. Edward Kennedy (D-Mass), the committee chairman, introduced S 1265 May 21, 1987.

All nine of the Democrats on the committee voted in favor of the bill. However, Sens. Brock Adams (D-Wash), Tom Harkin (D-Iowa), Spark Matsunaga (D-Hawaii), and Barbara Mikulski (D-Md), while supporting the bill, said they reserve the right to seek changes when the bill is debated on the Senate floor.

The committee approved an amendment offered by Harkin that would give employers with five or fewer employees five years to phase in the bill's requirements.

During the debate on Harkin's amendment, Weicker stated that even if S 1265 dies on the Senate floor, the 38 million uninsured people in the country would not go away. If the bill does die, Weicker said he would recommend establishing a commission to study the issue of access. Sen. Dan Quayle (R-Ind) supported Weicker's proposal for a commission, adding that he has already introduced a bill, S 2027, that calls for such a study.

The bill approved by the committee was a substitute that incorporated technical improvements and substantive adjustments worked out with affected groups, such as providers and employers, and health insurance experts, according to a press release issued by Kennedy.

Included as part of the substitute is a mental health benefit, the release said. The benefit would cover a minimum of 45 days of hospitalization for mental diseases annually and up to 20 out-patient visits for psychotherapy or counseling. The out-patient coverage could include a 50 percent copayment.

In addition, the substitute includes changes in the procedure for determining the actuarial equivalency of various plans and in provisions on regional insurance, the Kennedy release said. Other changes include special treatment governing coverage of family farms and modified coverage requirements for the temporary help industry.□

Environment

SENATE FOREIGN RELATIONS COMMITTEE OKs MONTREAL OZONE PROTECTION AGREEMENT

The U.S. Senate Foreign Relations Committee voted Feb. 17 to favorably report to the Senate the Montreal

protocol to protect Earth's ozone shield, an international agreement that was signed by delegates from 24 nations and the European Community in September 1986.

Only 10 members of the 19-member committee were present for the vote, but they constituted a quorum and their vote was unanimous. Ratification is expected when the reported protocol is taken up on the Senate floor, an action that could occur during February, BNA was told.

The protocol to the 1985 Vienna Convention to Protect the Ozone Layer seeks on a worldwide basis to control emissions of chemical compounds that are believed to pose a risk to the stratospheric ozone shield. By Feb. 17, six additional nations had signed the protocol, which is now available for additional signatures at the United Nations Treaty Office in New York.

The chlorofluorocarbon and halon compounds to be controlled are: CFCs 11, 12, 113, 114, and 115, and Halons 1211, 1301, and 2402.

Jan. 1, 1989

The United Nations Environment Program's Executive Director Mostafa Tolba and many of the participating nations hope that the protocol will enter into force by the earliest date allowed by the agreement—Jan. 1, 1989. To enter into force on that date, the protocol must first be ratified by the governments of 11 countries accounting for at least two-thirds of world consumption of the five targeted CFCs in 1986. One government so far, Mexico, is said to have ratified the agreement.

If those terms have not been met by Jan. 1, 1989, the protocol would enter into force on the 90th day following the date on which the conditions have been fulfilled.

A freeze on consumption and production of the five CFC compounds at 1986 levels would occur in the 12-month period beginning on the first day of the seventh month following entry into force of the protocol. A freeze on the consumption and production of the halon compounds at 1986 levels would occur in the 12-month period beginning on the first day of the 37th month after entry into force of the protocol.

A reduction in the consumption and production of the CFC compounds to 80 percent of 1986 levels would occur in the 12-month period ending June 30, 1994. A further reduction in consumption and production of the CFC compounds to 50 percent of 1986 levels would occur in the 12-month period ending June 30, 1999.

The protocol made provision for developing nations by allowing that an additional 10 percent of production would be permitted for developing nations until June 30, 1998. On July 1, 1998, this percentage would increase to 15 percent. Low-consuming developing nations would be allowed to increase consumption up to 0.3 kilograms per capita for a period of 10 years. After 10 years, the developing nations must follow the reduction schedule agreed upon.

There would be a limited exemption of CFC production facilities under construction or con-

tracted for prior to Sept. 16, 1987, and provided for in national legislation prior to Jan. 1, 1987.

The import of bulk chemicals from non-party states would be prohibited one year after the protocol's entry into force. The import of products containing CFCs from non-party states would be banned about four years after entry into force. A list of such products would be developed within three years.

Within five years after entry into force, the parties to the protocol would determine the feasibility of banning or restricting trade in products made with CFCs.

Addition of new compounds to the agreement would require a simple vote of a two-thirds majority of the parties. Changes in the 50 percent reduction to be reached in the year ending June 30, 1999, would require a vote of two-thirds of the parties representing two-thirds of the parties' calculated level of consumption.

Prompt Ratification Urged

Before the Senate Foreign Relations Committee approved the protocol, Environmental Protection Agency Administrator Lee Thomas, in testimony before the committee said "prompt Senate ratification will serve notice to the world that we intend to continue our leadership role by making good on our commitments."

Several senators who support the protocol also testified. Sen. Max Baucus (D-Mont) said the United States is the "major producer of the offending" chemical compounds and "holds the ultimate key to the success of the Montreal protocol. We need to move quickly. We need to ratify the protocol and then actively seek participation by the rest of the world."

Sen. John Chafee (R-RI) said the protocol does not go far enough. "Those who argue that the protocol adequately protects the environment are assuming that the agreement's reduction schedule will provide a sufficient stimulus for the creation of safe substitutes," he said. "They tell us that a 50 percent cut is enough to trigger a market-induced elimination of these harmful chemicals. Well, put me down as a skeptic and one who is not willing to entrust the survival of our planet to an economic theory. It is not enough to 'hope' that the economists are right." □

Pesticides

SENATE COMMITTEE ENDORSES CERTAIN CHANGES IN FEDERAL PESTICIDES LAW

The Senate Agriculture Committee Feb. 17 agreed to large portions of a bill that would rewrite much of the federal pesticides law, but put off consideration of several controversial issues that have stalled attempts to rewrite the statute over the past eight years.

The committee, working to amend the Federal Insecticide, Fungicide, and Rodenticide Act, will consider in March an amendment that would virtually eliminate indemnification payments to manufacturers when the Environmental Protection Agency suspends and cancels a pesticide, but allow such payments to

ALLIANCE FOR RESPONSIBLE CFC POLICY
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ROSSLYN, VIRGINIA 22209
(703) 841-9363

March 18, 1988

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

On behalf of the hundreds of members of the Alliance for Responsible CFC Policy, an industry coalition of U.S. users and producers of chlorofluorocarbon(CFC) chemicals, I am writing to urge you to sign as soon as possible the Montreal Protocol on Substances that Deplete the Ozone Layer. The agreement has the widespread support of governments, industry and environmental organization representatives worldwide.

The Protocol, which was approved unanimously by the U.S. Senate on Monday, March 14th, is an unprecedented agreement that establishes an effective risk assessment/risk management process on the issue of global stratospheric ozone depletion. It provides the proper framework for incorporating new scientific information into the assessment of what future actions may be necessary to further protect the ozone layer.

By signing the Montreal Protocol, you will maintain the United States' key leadership role in the world community in seeking the appropriate global response to this important environmental issue. The U.S. will be the first significant producer and consumer of chlorofluorocarbons to complete the ratification process.

We further encourage that you personally contact the heads of government in those nations that have signed the agreement and ask that they move expeditiously to ratify the Protocol. Also, we ask that you instruct the State Department and other U.S. departments and agencies to include the Montreal Protocol as a priority agenda item for any discussions with nations that have not yet signed the agreement.

The Alliance remains committed to the goal of having a responsible and effective global environmental policy with regard to this issue that minimizes international economic disruption. U.S. leadership in making the Protocol process work is essential.

Sincerely yours,

A handwritten signature in cursive script that reads "Richard Barnett". The signature is written in black ink and is positioned to the right of the typed name.

Richard Barnett
Chairman