United States Department of State

Washington, D. C. 20520

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February 27, 1989

INFORMATION MEMORANDUM
S/S

TO: The Secretary

FROM: OES - Frederick M. Bernthal

SUBJECT: Review of Key Foreign Policy Issues: The Environment

Attached is the requested policy review paper on the environment. A one-page executive summary and two annexes are included.

Attachment: as stated.

Drafted: OES staff
Cleared: OES/E:WNitze
IO/T:NBoyer
EB/ERP:DFinnerty
EUR/RPE:FBlock
P:LFarrar
S/P:CDawson

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EXECUTIVE SUMMARY

Environmental policy issues are now at the top of the international agenda, reflecting a growing awareness that rapidly increasing human populations and their quest for economic development are threatening to cause harmful -- and irreversible -- changes on a planet-wide scale. Public concern over global change has spurred an ambitious international scientific effort to understand its causes and predict its course.

The world looks to the U.S. for leadership in coordinating international action to respond to threats to the environment. During the last Administration we exercised such leadership in several areas, most notably in negotiating and bringing into force the Montreal Protocol on substances that deplete the ozone layer. Despite this leadership, the perception has developed that the U.S. has been slow to address international environmental issues. Changing this misperception should be an early objective of the new Administration.

Our unique assets -- experience with environmental protection, public and private research capabilities, strong non-governmental organizations and continuing leadership within the international system (including agencies of the UN system) -- make active U.S. participation critical to the success of further initiatives. The attached policy review paper discusses six policy areas in which the Bush Administration has an opportunity to take such initiatives. They are:

- Acid Rain - negotiate an air quality accord with Canada.
- Global Climate Change - develop cost-effective responses.
- Protection of the Ozone Layer - decide on a phaseout of ozone depleting chemicals.
- Hazardous Waste Exports - make an early decision on enhanced controls.
- Tropical Deforestation - engage developing countries.
- Marine Environment - improve understanding and protection of marine ecosystems.

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ANNEX I

Elements of an Acid Rain Accord with Canada

Among the subjects we should be prepared to discuss with Canada are: expanded exchange of information; joint periodic reviews of transboundary air pollution problems; joint demonstration projects for new emissions control technologies; targets (and possible timetables) for emissions reductions; and expanded conduct of joint research.

An accord should build on the Special Envoys' recommendations and measures already underway to reduce emissions. In particular, such an accord should:

- Allow sufficient time for U.S. Innovative Control Technologies Program (ICTP) deploy new, more cost effective technologies.

- Be broad enough to deal with the full range of transboundary air pollution, since the U.S. is doing much more in some areas than the Canadians (e.g. ground level ozone). We have discussed these possibilities with the Canadians through bilateral channels, and received an encouraging response.

We also need to avoid certain things in such an accord. Importantly, we should not agree to inflexible schedules of reductions that would be insensitive to new technical knowledge or to domestic imperatives. We cannot allow ourselves to be in a position in which domestic policy judgments on this issue might be driven by commitments to Canada. The key is to assure that any emission reduction goals in such an accord are seen as targets which are subject to refinement knowledge increases in this area. This approach would be consistent with that we have taken under the successful Great Lakes Water Quality Agreement with Canada.

We also need to avoid creating any bilateral mechanisms that could unsurp U.S. decision-making perogatives. Any role for the existing International Joint Commission (IJC), or some newly-created bilateral body, in monitoring transboundary flows, providing secretarial support for joint efforts, or otherwise responding on issues jointly referred to it by the two governments, must be considered within that constraint.

There has been broad interagency agreement on the major elements of this strategy, with the exception of the commitment to the inclusion of specific emissions goals and timetables. As a first step, we should seek interagency consensus on a position which includes targets and timetables as a basis for beginning talks with the Canadians.

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Environmental Issues

Introduction

The growing importance of international environmental issues presents the Bush Administration with an opportunity and a challenge. The opportunity is to strengthen U.S. influence and authority with individual countries and within the international community as a whole by taking the lead in new international initiatives to assess and monitor the environment, reduce pollution, conserve natural resources and minimize the adverse effects of any future climate change. Among other things, we need to ensure that there is a multilateral dimension to our policy initiatives. This means not only working closely with the UN Environment Program (UNEP) and the World Meteorological Organization (WMO), but working as well with other agencies in the UN system that have mandates touching on environmental concerns. In particular, we will want to encourage the UN Development Program (UNDP) and the Food and Agriculture Organization (FAO) to ensure that environmental considerations are taken into account in their overall policies and in the implementation of their country programs. The corresponding challenge is to develop and carry out a domestic policy agenda consistent with any proposed international initiatives.

There are six areas covered in this paper in which the Administration should move soon in the international area in concert with appropriate domestic policy steps. On acid rain, hazardous waste and protection of the ozone layer, we face immediate policy decisions. Important policy or implementing decisions with regard to global change, protection of the marine environment and tropical deforestation will also be needed shortly. Annexes are also included on "Elements of an Acid Rain Accord with Canada", and on "Environmental Assessment and Monitoring," which deals with matters which cut across a number of the areas covered.

1. ACID RAIN

Current Situation and Trends The President's proposed Clean Air Act legislation will include timetables for reductions in acid rain precursor emissions and open the way for compromise with the Congress. The resulting legislation will determine the parameters for negotiating an acid rain accord with Canada. The multilateral protocol limiting future increases in NO_x emissions signed by the U.S., Canada and many European countries last fall was a first step in dealing with transboundary air pollution, but does not address the larger SO_2 problem.

The Canadians made clear in Ottawa that acid rain remains their top bilateral priority. Recognizing the more forthcoming attitude of the Bush Administration, they signaled a readiness to give us some time to develop a domestic consensus before pressing for negotiations on an accord.

Current Objectives and Policies. We are now well positioned to make progress on acid rain and remove it as a contentious issue in U.S./Canadian relations. Our objective is to reach an accord with Canada which complements our domestic efforts to deal with the acid rain problem in a manner consistent with our domestic policy need for regional equity.

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Opportunities and Problems. We have resisted pressures for a premature solution to the acid rain problem which would rely heavily on outdated and expensive scrubber technologies. Our $2.5 billion innovative clean coal technologies program is well underway, with the private sector more than matching government funding. The National Acid Precipitation Assessment Program (NAPAP) has given us a more sophisticated understanding of the respective contributions of SO_2, NO_x and ozone to the environmental impacts associated with acid rain. Our problem is to develop and enact acid rain legislation which is both cost-effective and responsive to competing U.S. regional and economic interests.

Strategy and Policy. As already proposed by the President, we should seek an early consensus with the Congress on acid rain and use it as a basis for negotiating an accord with Canada. Our proposed approach to such an accord is included as a Annex I.

2. GLOBAL CLIMATE CHANGE

Current Situation and Trends. If climate change within the range of current predictions (1.5 to 4.5 degrees centigrade by the middle of next century) actually occurs, the consequences for every nation and every aspect of human activity will be profound.

Current Objectives and Policies. Our objective is to ensure that this issue is addressed responsibly, within the mainstream of scientific opinion, in a way that recognizes both the complexity of the potential problem and the uncertainties resulting from gaps in our knowledge. It is premature, for example, to be considering a sweeping "law of the air" or supranational authorities to deal with climate change, as apparently will be proposed in the March 11 heads of state meeting in the Hague.

Opportunities and Problems. The most important cause of global warming is CO_2 emissions produced by the combustion of fossil fuels. The costs to society of a major cutback in the use of such fuels could be immense (e.g., as much as half a trillion dollars to replace U.S. coal-based electricity generation alone). Major uncertainties about the offsetting effect of an anticipated increase in cloud cover, the dynamics of the ocean/atmosphere interface and other key variables make it difficult to justify those costs politically.

But a number of prudent measures could be taken that we would never regret, whether or not global warming ever occurs e.g., increased efficiency in energy use, global reforestation, and phasing out CFC production and use. Thus we must begin to consider rational response strategies at the same time that we work to increase our scientific knowledge and better understand the prospective impacts of global warming.

Strategy and Policy. The U.S. was a leader in organizing the Intergovernmental Panel on Climate Change (IPCC) under the auspices of WMO and UNEP and chairs the Response Strategies Working Group (RSWG). The IPCC is committed to an ambitious schedule of work leading up to a report to the Second World Climate Conference in the Fall of 1990. RSWG's section of the report will discuss a menu of response strategies and implementation mechanisms.

To shape this international process appropriately, the United States will need to move promptly to develop an active international strategy based on agreed domestic policy. A complete phase-out of CFCs should be considered at an early date, along with an initiative to limit the destruction of tropical forests. Improved energy efficiency, short-term incentives to burn natural gas, and longer-term development of a new generation of simpler, safer, and more reliable nuclear power plants are additional domestic policy initiatives that should receive early Administration attention.

The IPCC should continue to be the vehicle for U.S. policy on this issue. Within that context, if consideration of a global framework convention appears unavoidable, the U.S. should take the lead in shaping the agenda.

3. PROTECTION OF THE OZONE LAYER

Current Situation and Trends. The Montreal Protocol adopted in September 1987 provides for a 50 percent reduction in production and consumption of ozone-depleting chemicals (chlorofluorocarbons and halons (CFCs)), and restrictions on trade of those substances and products containing them. U.S. support for the agreement was critical to its successful conclusion.

The report of an 18-month effort by an international team of scientists led by NASA concluded that ozone depletion is worse than anticipated at the time of adoption of the Protocol. A number of governments, including the U.K., Canada and the FRG, have already publicly supported further reductions. Industry has made substantial strides in the development of alternative substances and technologies. Du Pont plans to phase out production of CFCs by 2000, and other U.S. producers have indicated that they also will if there is international agreement to do so.

Current Objectives and Policy. We should actively participate in the review process which will lead to a 1990 reconsideration of the Protocol's control measures. A virtual phase-out of CFCs by the end of the century may well be indicated by scientific and technical developments. We should not hesitate to support such a phaseout if it is justified by the underlying science.

Opportunities and Problems. There will be opportunities for the U.S. to make an early announcement of its support for substantial further reductions in CFC use e.g., at a U.K.-hosted conference on the ozone layer in early March or at the first meeting of parties to the Montreal Protocol in May. Such a shift in the U.S. position will, however, require interagency vetting (now underway in the Domestic Policy Council) to assure that we have considered all the implications, both domestic and international. There is no compelling scientific or substantive need to depart from the 1990 review timetable contained in the Montreal Protocol.

Strategy and Policy

- Prepare interagency approved guidance for use by EPA Administrator Reilly or other Administration spokespersons which will permit them to take a forthcoming position on further substantial reductions in CFCs, consistent with the President's statements on this subject.

- Prepare the ground for a firm U.S. position prior to the 1990 review of the Protocol's control measures. The extent and timing of further reductions should be determined on the basis of our assessment of scientific, environmental and economic information, including the prospects for bringing viable substitute products onto the market.

4. HAZARDOUS WASTES

Current Situation and Trends. The cost of disposing of hazardous wastes is increasing rapidly in the U.S., motivating some in industry to look for lower cost disposal options. Aware that we may be vulnerable politically and economically if U.S.-origin wastes are improperly disposed of abroad, concerned agencies have participated for over a year in efforts in the United Nations Environment Program (UNEP) and the Organization for Economic Cooperation and Development (OECD) to draft conventions to regulate transboundary shipments of such substances.

Both conventions would require the notification and consent of importing and transit countries. The OECD agreement requires an exporting country to ban exports to non-parties if it has "reason to believe" environmentally sound disposal is in doubt. The UNEP agreement contains the same standard on exports to parties and bans waste exports, to and imports from, non-parties. The Administration would need to seek additional legislative authority in order to implement these provisions. Certain provisions of the UNEP agreement, particularly those related to State responsibility and national standards, may not be acceptable to the U.S. in their present form.

Current Objectives and Policies. Our interest is to avoid or minimize the risks, political and economic, to the United States that arise from mismanagement by other countries of U.S. origin hazardous waste. We want to protect our ability to make international shipments of such waste when it is in our interest, and when we can assure that it will be properly handled. Also, we want to be seen to be responsive to growing world-wide concern over such shipments.

Opportunities and Problems. Neither the UNEP nor OECD conventions are likely to protect the U.S. from political or economic costs if a contracting party consents to a waste import and then mismanages it in a way injurious to human health or the environment. For this reason, we and EPA have been working through the DPC process to reach interagency consensus on an Administration policy to prohibit exports of all U.S. hazardous wastes except where we have a bilateral (or multilateral) agreement with the recipient country that specifies acceptable criteria for disposal (as do our existing hazardous waste bilateral agreements with Canada and Mexico).

Strategy and Policy

- Seek interagency agreement on a U.S. policy to ban exports of hazardous wastes absent a bilateral (or multilateral) agreement with the recipient country. Legislation to support such a policy will be necessary, but not until Senate ratification of a UNEP or OECD convention (2-3 years away).

- Use the announcement of such a U.S. policy as leverage to obtain improvements in the final texts of the OECD and UNEP conventions. If either convention remains unsatisfactory, use our unilateral export ban absent a bilateral agreement as evidence that our not signing the conventions does not indicate lack of concern over international shipments of hazardous waste.

5. TROPICAL DEFORESTATION

Current Situation and Trends. Tropical forests are disappearing at a rate of up to 40 million acres per year, threatening a major portion of the world's plant and animal species and their potential as future sources of medicines, disease resistant crops, bio-degradable pesticides and other materials. Deforestation is also a growing factor in global warming, currently contributing as much as 25% of the CO_2 released to the atmosphere from human sources each year. The situation is especially critical in the Amazon basin. In 1987, and again in 1988, Brazilian forests equal in area to the state of Indiana were destroyed. At that rate, most Amazon forests will be gone in 20 years.

Current Objectives and Policy. We need to increase global awareness and concern regarding the deforestation problem, and find suitable vehicles for engaging the developing countries in which the major rain forests are located in a process which will ensure their preservation.

Opportunities and Problems. Heightened international concern about tropical deforestation provides a major opportunity for the U.S., Europe and Japan, working with the MDB's and UN agencies, to support conservation and sustainable development in tropical forest countries with a combination of debt swaps, new financing and development assistance. To date, international efforts to promote sustainable forest development and conservation (by multilateral and bilateral donors, international organizations, UN agencies and non-governmental organizations) have been too small and fragmented to have much impact. Developed country involvement in the management of tropical forests raises sensitive questions of national sovereignty and economic priorities, particularly in Brazil. President Sarney of Brazil reacted quite negatively to the visit of an American group, which included Senators Wirth, Heinz and Gore, saying he would not permit the Amazon to become a "green Persian Gulf."

Strategy and Policy. The tropical forest countries themselves should be encouraged to come up with specific projects for data gathering, land use planning and infrastructure building which could then be supported by the MDB's and the donor countries. Debt relief through swaps or refinancing and some additional development assistance should be offered as incentives. In early March, an Ecuadorian-chaired meeting of the Amazon Pact countries with participation from the United Nations Development Program (UNDP) will consider, inter alia, specific projects to address the deforestation problem. We are working with AID, the World Bank and UNDP to develop next steps.

6. THE MARINE ENVIRONMENT

Current Situation and Trends. The oceans play a central role in the physical, chemical, geological and biological processes of the planet. Fish are an important element in the world food supply and the oceans absorb and recycle the products of atmospheric and terrestrial processes, notably CO2, the principal "greenhouse gas". The magnitude and extent of ocean pollution are poorly understood and such pollution could conceivably destroy the capacity of the oceans to support life and recycle and neutralize natural and anthroprogenic emissions.

Current Objectives and Policy. The U.S. accepts the international obligations, reflected in the UN Law of the Sea Convention, to prevent marine pollution, including pollution from vessels, from seabed activities, from disposal of waste at sea, and from land-based sources. A number of global and regional marine environment agreements have been negotiated to give effect to those obligations, except for those dealing with land-based sources. These include International Maritime Organization (IMO) conventions and agreements developed within the UNEP Regional Seas Program. Securing effective implementation and widespread international acceptance of these agreements remains a high priority.

Opportunities and Problems. The most serious long-term threat to the health of the oceans is pollution from land-based sources, such as fertilizer/pesticide runoff, atmospheric deposition and persistent plastics. It is the most difficult form of pollution to assess and prevent and therefore the least addressed in national and international regulations. The cumulative effects of these pollutants, however, require immediate initiation of remedial action. To support such action we need to move concurrently to create an adequate database to assess ocean pollution, both off our own coasts and in the open ocean.

Strategy and Policy. We should work with Congress to secure U.S. ratification of existing IMO agreements on carriage of bulk chemicals, on discharge of garbage and sewage from vessels and on liability and compensation from marine oil pollution, and ratification of the South Pacific Regional Environment Program Convention.