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6/1, 10:30 a.m. by S/S. THE SECRETARY OF STATE

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Dear Ed:

I wanted you to know of my strong personal interest in the early and successful completion of an effective international treaty to protect the stratospheric ozone layer through reducing use of certain chlorofluorocarbons (CFCs) and halons. This is a subject which has attracted intense Congressional and media interest, and which many regard as the highest priority environmental issue on the global agenda.

International agreement is now within reach, largely on U.S. terms. The U.S. position was developed through intensive interagency deliberations leading up to, and following, the authority to negotiate (Circular 175) which was approved on my behalf by Under Secretary Allen Wallis last November. Implementing that authority, the U.S. delegation has succeeded through three difficult negotiating rounds in turning aside control proposals which would have been disadvantageous to the United States, and in gaining wide acceptance of the U.S. position.

I am now concerned, however, that within the Domestic Policy Council process, a few agencies are advocating positions which would, in effect, reopen the entire international negotiation, which is scheduled for completion in September at a Conference of Plenipotentiaries in Montreal.

I understand, and sympathize with, concerns over both scientific uncertainties and the possible economic impact of controls. However, Lee Thomas, who is charged with environmental protection by the President as well as by legislative mandate, has concluded, after over two years of analysis, that the U.S. position is a prudent approach to risk management. I agree with him. Although scientific certitude is probably unattainable, I am impressed by the growing international consensus on the threat to the ozone layer, largely due to research by our own NASA and NOAA. This consensus is manifest in the changed positions of both

The Honorable
Edwin Meese III,
Attorney General.

REVIEW AUTHORITY: Adolph Eisner, Senior Reviewer

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U.S. industry, which now officially advocates at least a global freeze on production of CFCs, and the European Community, which has proposed a freeze followed by a 20 percent automatic reduction, and which last month agreed to consider a further 30 percent reduction.

Based on contacts with industry, it appears that the 20 percent reduction (which would not come into effect until 1992-94) could be absorbed by U.S. industry utilizing existing alternative products and processes. While the additional 30 percent cut would require substitute products, the additional time frame for such reduction (8 to 12 years from now) would be within the "comfort zone" for the market system to provide incentives for the needed R & D.

I believe it would be inadvisable for us to delay the negotiations, or to appear now less concerned over protecting the ozone layer than the European Community and others who have followed our leadership. John Whitehead, Lee Thomas and I, American Ambassadors abroad, and senior officials on my staff, have all advocated the U.S. position in contacts with senior foreign officials. This has contributed to the evolution of policy in many countries. A perceived reversal by the U.S. risks an embarrassing loss of international credibility, as well as domestic political backlash. Moreover, it would risk the worst possible outcome from the standpoint of U.S. industry and consumers: namely, unilateral U.S. controls (added to our 1978 ban on CFCs for aerosol use) forced by the Clean Air Act, by court order, or by new legislation. There are already growing rumors in Congress and among public interest groups that the Administration is "backsliding" from its previously much-praised commitment to protect the ozone layer.

In order not to jeopardize the progress we have made in this major international negotiation, and following consultation with Lee Thomas, I propose to instruct the U.S. Representative to continue to negotiate in conformance with the existing Circular 175 authority. The objective is a strong and effective international agreement by September, containing provisions as summarized in the enclosure, which is consistent with the interagency position developed prior to the most recent negotiating round, in April.

I hope you will agree that this is a reasonable position. Only a protocol which provides for significant reductions in CFC's can prudently address the environmental risks, avert needless

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criticism of the Administration and probable unilateral domestic controls, and provide the needed stimulus for industrial research into alternative products over a reasonable time period. The Administration will have the opportunity to review the negotiated protocol text before signature by our Government. If you have any questions concerning these provisions, I would be pleased to ask Assistant Secretary Negroponte to provide further details.

I propose to proceed on this basis unless you feel that this course of action is not feasible because of compelling objections from some members of the Domestic Policy Council. In that case, I propose that we, together with Lee Thomas, take this matter to the President without further delay.

Sincerely yours,

George P. Shultz

Enclosure:
Protocol Summary

Drafted: OES/E:SBUTCHER/REBenedick:st } RB
W0847y 5/29/87

Clearances: D: Mr. Timbie
E: Mr. Bailey
L: Ms. Verville } by RB
EB: Mr. Cundiff
EPA:Mr. Thomas
NSC:Mr. Pugliaresi (subs)

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~~CONFIDENTIAL~~**CONFIDENTIAL****RELEASED IN FULL****Protocol Summary**

1. A freeze, at 1986 levels, on production/consumption of CFCs 11, 12, 113, 114 and 115, and Halons 1211 and 1301, to take effect one or two years after the protocol enters into force (EIF).

2. Periodically scheduled reductions of CFCs 11, 12, 113, 114 and 115, from 1986 levels, beginning with 20 percent two to four years after EIF, followed by an additional 30 percent approximately eight years after EIF, with the possibility of further steps as determined by the parties.

3. Regularly scheduled assessments of scientific, economic and technological factors, prior to any reductions, to enable the parties to adjust the reduction schedule and add or subtract chemicals.

4. An ultimate objective, subject to the assessments mentioned above, to eliminate substantially all potential threats to the stratospheric ozone layer from anthropogenic chemicals.

5. Strong trade, monitoring and reporting provisions to make the protocol as effective as possible.

6. An attempt to negotiate some system of voting which would give due weight to the currently significant producing and consuming countries.

REVIEW AUTHORITY: Adolph Eisner, Senior
Reviewer

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