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Domestic Policy CouncilProposed Guidance for Ozone Protocol Negotiations1. Issue: Chemical Coverage in Protocol

Background: Scientific consensus is that the most important ozone-depleting substances are CFC 11, 12, 113, 114, 115, and Halons 1201 and 1311. European Community (EC) and, most recently, Japan, have accepted 11, 12 and 113 in Chairman's text and probably will go along with the other chemicals. We expect that the USSR will also accept all, although they raised questions about Halons. Because of defense uses of Halons, we do not want to go beyond a freeze on them.

Recommendation: U.S. delegation should press for broad chemical coverage with Halons treated separately (i.e., freeze only).

2. Issue: Control Article

Background: "Chairman's text" gained general acceptance last month in Geneva as useful structure, based on the original U.S. proposal in December. If U.S. were now to propose general aerosol ban (which was U.S. position in failed negotiations 1983-1985), it would risk re-opening equity or market allocation proposals, in which U.S. has most to lose.

Option A

--U.S. should negotiate within structure of "Chairman's text."

Option B

--Same as A, but attempt to add voluntary provision for aerosol ban.

Option C

--U.S. should insist on general aerosol ban before any consideration of freeze/reduction of CFCs.

REVIEW AUTHORITY: Adolph Eisner, Senior Reviewer

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3. Issue: Freeze

Background: There is broad consensus that all controlled substances should be frozen at 1986 levels soon after entry into force (EIF). U.S. industry favors freeze as early as possible.

Recommendation: U.S. should endorse freeze at 1-2 years after EIF.

4. Issue: 20 Percent Reduction

Background: European Community (EC) has formally proposed 20% semi-automatic reduction four years after EIF, consistent with original U.S. proposal. This could be reversed by 2/3 vote, based on scientific, economic and technological assessment. Many parties--Nordics, Austria, Switzerland, Canada, Egypt, Argentina, Japan, and others--have informally accepted this in the Chairman's text. USSR did not oppose in Geneva. U.S. industry officially opposes reduction, although informal contacts indicate they could live with it.

Option A:

--U.S. should accept Chairman's text on this point.

Option B:

--U.S. should propose that 20% reduction be subject to vote of approval.

5. Issue: 30 Percent Additional Reduction

Background: "Chairman's text" provides for two options, both based on scientific/economic/technological assessment:

(1) reduction 6 years after EIF if majority of parties approve.

OR (2) reduction 8 years after EIF unless 2/3 majority of parties reverses decision.

Both options would follow, and be based upon, scientific/economic/technological assessment. Pending Congressional legislation and environmental groups very strongly favor semi-automatic reduction. Key policy questions are (1) whether the semi-automatic feature, providing greater certainty for industrial planning, will be a greater stimulus for R & D of substitute products; (2) whether 8 years after EIF (i.e., about 10 years from now) will provide adequate time for industry to bring substitutes on line; and (3) whether domestic interests (Congress

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and environmental groups) will force unilateral mandatory US reduction if this is not in the international protocol.

Option A

--U.S. should accept majority vote to approve 30 percent cut (favored by European Community and Japan)

Option B

--U.S. should advocate semi-automatic reduction (favored by Canada, Sweden, Norway, Finland, Austria, Switzerland, New Zealand; USSR was leaning toward this.)

Option C

--U.S. should attempt to remove this second phase reduction.

6. Issue: Further Reductions

Background: The original U.S. proposal included an ultimate objective of a "long-term scheduled reduction of emissions of these [ozone-depleting] chemicals down to the point of eliminating emissions from all but limited uses for which no substitutes are available (such reduction could be as much as 95%), subject to [the review process described in 7, below]." The current Chairman's text includes a paragraph saying that Parties should decide at some point in the future, by majority or two-thirds majority vote, "whether further reductions of 1986 levels should be undertaken with the objective of eventual elimination of these substances." There were no objections to this clause at the Geneva meeting. Pending Congressional legislation calls for domestic U.S. reductions of 85 to 95% of 1986 levels.

Option A

--U.S. should attempt to include some target percentage reduction (85-95%), subject to future affirmative vote by Parties based on scientific/economic/technological assessments.

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Option B

--U.S. should accept existing or similar language in Chairman's text.

7. Issue: Assessment Process

Background: There is broad consensus for original U.S. proposal of regularly scheduled scientific/economic/technological assessments to guide future actions of Parties in adding or subtracting chemicals to the control list, or modifying the schedule for reductions.

Recommendation: U.S. should ensure that final text adequately provides for these reviews, with sufficient lead-time before the decision-points on reductions.

8. Issue: Trade and Treatment of Developing Countries

Background: There is general recognition of the desirability of attracting into the protocol as many less developed countries (LDC's) as possible, to prevent future "pollution-havens". However, it is also recognized that these countries will require, as an incentive to join, some kind of grace period from the reduction schedule, in order to increase somewhat their currently very low consumption of CFCs while substitutes are being developed.

Recommendation: The U.S. should work toward effective trade and developing country provisions which will prevent trade distortions among Parties, penalize countries which do not join by restricting their future access to our markets, and provide some incentive for LDC's to join the Protocol without significantly offsetting the reduced CFC production from industrialized countries.

9. Issue: Voting

Background: The Vienna Convention provides that each country has one vote; "weighted voting," as such, would therefore be inadmissible. The question of voting has not been considered to date during the Protocol negotiations. There is consensus among agencies that if the U.S. and EC, which together account for approximately 75% of current world production/consumption, together can agree on future decisions, it would be undesirable for them to be outvoted by many small countries.

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Recommendation: The U.S. should press for some system of voting on future control decisions which would give due weight to the currently significant producing and consuming countries (as an example: "a majority of Parties which together comprise 50% -- or two-thirds -- of 1986 production plus import levels").

10. Issues: Verification of Control Measures

Background: Traditionally, international treaties (outside of the Arms Control area) rely on sovereign states to honor their obligations. A system of on-site inspections for the presence of new or expanded CFC-producing facilities would be expensive and probably ineffective because of the large land areas involved. Trade provisions could at least prevent entry of such production into international trade.

Recommendation: U.S. should press for strong monitoring and reporting provisions. U.S. should also explore feasibility and cost-effectiveness of establishing ad hoc inspection teams to investigate any alleged violations of protocol.

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