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This is the
outcome of
the PCC w/
Summit
initiators
New Bush
will
decide.
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The environment will be a top agenda item at the Economic Summit. The other leaders, especially Mitterrand, Thatcher and Mulroney, have staked out strong environment positions. While they also look to the U.S. for leadership given our experience with environmental protection, our research capabilities, and our general leadership role within the international system; so far we have appeared silent.

In response to a charge from the White House Summit Group to position the President as a leader on the environment at the Paris Summit, the OES PCC (comprised of senior representatives from State, EPA, DOE, Commerce, Agriculture, OMB, DPC, OPD, and Coast Guard) has developed a two-part program aimed at breaking the link between economic development and deterioration of the environment.

The theme which runs through these proposals, and which I recommend the President stress, is that of wise, active stewardship over the resources of our planet. This is a responsibility we have to ourselves and as our legacy to future generations. Every man, woman and child can make a meaningful contribution to carrying out this responsibility. This approach links individual responsibility with national and international responsibility.

The first part comprises three initiatives to deal with environmental pollution. They are:

- (a) Industrial Pollution Prevention -- President would call for focusing attention on technologies and processes that reduce or prevent pollution in the first place rather than clean up after the fact. He would offer to have U.S. host an experts' conference in 1990 to identify actions industry and governments can take.
- (b) Prevention and Clean-up of Oil Spills -- President would call for an international convention to deal with oil spills and ask for review of oil spill prevention programs.
- (c) State of the World's Oceans -- President would call attention to threat to the health of oceans, particularly coastal waters, and offer to have U.S. host an experts' meeting in 1990 to develop State of the World's Oceans report.

These three proposals will find support from the general public, industry and the Hill.

The second part deals with global warming. The initiatives involve studying the most cost-effective ways to slow warming in the years ahead. There are three specific proposals:

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*Environmental
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- (a) Deforestation and Reforestation -- President would call upon world community to practice "no net forest loss" and adopt sustainable forest management practices. He would ask that a State of the World's Forests report be prepared by 1990.
- (b) Increasing Fossil Fuel Efficiency and Expanding Renewal Energy -- President would place priority on substantially increasing energy efficiency, particularly in fossil fuels, and expand renewable energy. The International Energy Agency would be asked to propose specific measures in each of these areas.
- (c) Nuclear Energy -- President would reaffirm support for nuclear power, both for energy security and as a contributor to solving the greenhouse problem. He would ask the IAEA to convene a conference on the role of nuclear in addressing global climate change.

Environmentalists will be uncomfortable with any attention to nuclear power. However, from a greenhouse gas perspective, it is the least polluting source of energy.

These proposals have only modest budgetary implications for the USG. However, in some cases, they call for action by international bodies to whom we are in arrears, which could be embarrassing.

Each of the proposals are explained in more detail at Tab I. I believe they comprise a reasonable package, tied together with a coherent theme. If we move with dispatch, we can get the President back in front.

Next Steps

The next preparatory meeting for the Paris Summit is June 2-4 in Evian, France. If the U.S. is to take a lead on the environment issue, it is imperative that we outline our ideas at the Evian meeting. Given the active involvement of Mitterrand, Mulroney and Thatcher in shaping their environment initiatives for the Summit, the President must give his views.

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Industrial Pollution Prevention

Proposal

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That you call for a reorientation of the world's overall approach to industrial pollution, focusing our greatest efforts on technologies and processes that reduce or prevent rather than clean-up after the fact. This means calling for environmental soundness in the design of new industrial processes. You could indicate that the U.S. is prepared to hold an EPA-hosted conference on this topic in 1990 to identify actions that governments and industries can take to implement this approach.

Factors

- o The current U.S. program is based on voluntary cooperation and persuasion, not regulation and punishment. This should also be the thrust of the Presidential initiative. What is needed is consciousness-raising, information sharing, a spur to creative industrial design, and national and international commitment.
- o Industrial processes have largely emerged with little thought to their potential for pollution. New processes can be made environmentally sound in many cases. Pollution prevention is the only viable approach for some types of environmental problems.
- o The U.S. could establish a leadership role by acting quickly and decisively. However, several nations are now beginning to integrate pollution prevention into their programs.

Pro:

- o There is a growing consensus in industry that preventing pollution makes more sense than clean-up after the fact, both from a business and an environmental perspective.
- o The initiative will be popular in Congress, with the Summit Heads, and with the general public.
- o The U.S. and Japan have the lead in industrial design for pollution prevention purposes. There are a number of U.S. success stories about prevention design which we can showcase.
- o Budgetary implications are small as the approach is voluntary.

Con:

- o Some environmentalists will approve of this initiative. Others will want the regulatory approach. Industry will be cautious, fearing regulation, and worrying about competitiveness.

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Reviewer

Prevention and Clean-up of Oil Spills

Proposal

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That you call for a revitalized effort to prevent major oil spills from tankers and offshore rig accidents and an international emergency preparedness and rapid response capability to such spills wherever they occur. You could ask the Economic Summit to call upon the International Maritime Organization (IMO) to: (a) review all existing prevention programs, in partnership with the oil industry, with the objective of strengthening them wherever possible, and (b) to draft an international convention on emergency preparedness and response to spills by 1990.

Factors

- o Most nations, including U.S., are not well-prepared for large oil spills. Pooling of resources, world-wide equipment inventories, training of personnel, better planning, and rapid mobilization are needed.
- o Nine of the world's 19 major spills over the last decade have been in the U.S.
- o The response initiative would be based on the principles of industry-government cooperation, primary responsibility lying with industry, and "polluter pays."
- o It would be desirable for the U.S. to pay IMO conference costs. Est: \$250,000.

Pro:

- o Will be popular with Congress, the oil industry, and general public.
- o The initiative will not have major budgetary implications; the thrust will be more organizational.
- o The USG has considerable leverage in the 133-nation IMO and is confident it can control the negotiation process.

Con:

- o The U.S. owes IMO \$900,000. To avoid embarrassment, we should clear this debt before the Summit.
- o Proposal will raise the issue of U.S. non-ratification of the oil spill liability convention which is stalled in the Senate over certain states' unlimited liability laws.
- o The prevention part of the initiative may cause the oil industry to be wary, because it implies discussion of double-bottomed and double-sided tankers which are expensive.

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State of the World's Oceans

Proposal

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That you draw world attention to the threat to the health of the oceans, especially the rapid deterioration of coastal waters, and call upon all nations to increase their monitoring of the oceans. You could ask for a State of the World's Oceans Report and indicate that the U.S. will host an experts' meeting in 1990.

Factors

- o The ocean problems are: dumping and discharge on the high seas, toxic deposition at sea from man-made land-based sources, toxicity in the marine food chain, and land-based run-off and coastal pollution, which is the most significant.

Pro:

- o This would be popular with Congress, the U.S. public, the Summit Heads, other world nations, and the media.
- o The USG already spends \$447m on civilian oceanographic research and about \$550m more in classified work. Research funds have recently been increased. Major new funds may not be needed.
- o The conference budget is low, in the range of \$500,000 to \$1m.
- o EPA and other agencies are working toward a national policy on coastal waters, focused on human health concerns and the sustaining of living resources.
- o High seas dumping and discharge is already regulated in U.S. law and through the London Dumping Convention and the Marine Pollution Convention (MARPOL).

Con

- o The post-report implications are uncertain and potentially very large, especially in terms of coastal pollution.
- o This call could raise the issue of U.S. non-ratification of the Law of the Sea.

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Deforestation and Reforestation

Proposal

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That you call on the world community to practice "no net forest loss" and ask for the adoption of sustainable forest management practices. You could call for World Bank and regional banks lending programs to support developing countries' efforts to halt deforestation and to reforest. You could further ask the World Bank, FAO, UNEP, and the International Tropical Timber Organization (ITTO) to prepare a State of the World's Forests Report by 1990.

Factors

- o World forests, especially rain forests, are shrinking rapidly. Deforestation affects global warming, biological diversity and species extinction, and soil erosion. Deforestation has become a major world environmental issue over the last year.

Pro:

- o This initiative would be popular with Summit Heads, Congress, environmentalists, the U.S. public, and the press.
- o "No net forest loss" would parallel your "no net wetlands loss" pledge, though the forestry goal is global not national.
- o This initiative could be structured to have modest budgetary impact. The Japanese might be persuaded to take the lead in providing lending funds.
- o The U.S. has already surpassed one-to-one replacement. We plant 3.4m acres per year, more than we lose from all causes.

Con:

- o Adverse reaction can be expected from the Third World, e.g. Brazil, but the reaction is likely to be "the goals are good but you must give us money to achieve them."
- o Summit Heads might criticize the one-for-one principle as too intrusive into the national affairs of the Third World.
- o FAO and ITTO forestry programs are constrained by U.S. arrearages, \$82m to FAO and \$200,000 to ITTO. The FAO arrearage will come down by only \$8m on October 1. This could prove embarrassing.
- o Environmental activists might criticize the USG for allowing old trees to be cut down on national lands.

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Increasing Energy Efficiency in Fossil Fuels and Expanding Renewable Energy

Proposal:

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That you commit to place priority on substantially increasing energy efficiency, maintaining your commitment to the more efficient use of fossil fuels and expanding the role for renewable energy sources. At the Paris Economic Summit you would push for a statement which would:

- o acknowledge that increased energy efficiency is a global issue which could make a substantial contribution to reducing greenhouse gases;
- o request the OECD/IEA to examine specific measures to improve energy efficiency, promote technologies for the more efficient use of fossil fuels and expand the use of renewable energy, identifying their technical and economic feasibility, and ways industrialized countries can help developing countries achieve progress in these two areas.

Factors:

- o Energy efficiency improvements have stabilized after the strong gains of the last fifteen years.
- o Trends point to higher consumption of coal, oil and natural gas (particularly in developing countries). It is important to reduce emissions (SOX, NOX, CO₂) which contribute to greenhouse gases and to improve the efficiency in utilizing these fuels, which will remain an important source of energy.

Pro:

- o Increasing energy efficiency is the least costly way of meeting increasing energy demands while minimizing environmental impacts, though it will not provide all additional energy requirements to meet increased economic growth.
- o The IEA already has work underway on energy efficiency and the environment. This could be accelerated but an expanded effort would be required.

Con:

- o Some of these proposals could be politically controversial and may have adverse economic impacts. Many believe that the most efficient means of increasing energy efficiency would be to increase prices (e.g. gasoline tax, carbon tax) and that regulatory approaches and subsidizing energy improvements are less efficient mechanisms.
- o Increased energy prices can affect the economic competitiveness if not adopted by all countries.

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Nuclear Power

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Proposal

That the Economic Summit communique contain a statement on nuclear power and ask the IAEA to convene an international conference on the role nuclear power can play in addressing the global climate change issue. Summit leaders would reaffirm their belief that nuclear power is safe and plays an important role, both from an energy security standpoint and as a contribution to solving the greenhouse problem. They would commit to maintain the highest safety standards for nuclear energy and continue to strengthen international cooperation in safe operations, waste management and radiation protection. You would state that you are taking steps to revitalize the nuclear industry in the U.S.

Factor

- o IAEA Director General Blix has written you (and other Summit leaders) asking that the Paris Summit recognize the role nuclear energy can play in reducing CO2 emissions. Prime Minister Thatcher has replied that she would raise the issue at Paris.

Pro:

- o Expanded use of nuclear power could make a substantial contribution to reducing future CO2 emissions, which are believed to be the primary contributor to global warming.
- o The Tokyo Summit (1985) endorsed nuclear power in wake of Chernobyl.
- o All Summit countries have active nuclear power programs and thus could show leadership on this issue.

Con:

- o Some environmental groups will strongly criticize any endorsement of nuclear power, citing safety concerns.
- o Italy and Germany have significant domestic opposition which could constrain their leaders from endorsing nuclear power at the Summit.

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