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United States Department of State

Assistant Secretary of State for Oceans and
International Environmental and Scientific Affairs

Washington, D.C. 20520


ENV
EHC

February 9, 1989

MEMORANDUM

RELEASED IN FULL

TO: Richard T. McCormack
Under Secretary-Designate for Economic Affairs

FROM: OES - Frederick M. Bernthal *FB*

SUBJECT: Attached Background Material

Here is the background material you requested at this morning's staff meeting.

Please let me know if I can be of further assistance.

REVIEW AUTHORITY: Adolph Eisner, Senior
Reviewer

Attachment:

As stated

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*Environmental
issues files (1989)
Box 5
59, 9, 12, 13*

Environment, Health and Natural Resources Issues

RELEASED IN FULL

REVIEW AUTHORITY: Adolph Eisner, Senior
Reviewer

ENVIRONMENTAL ISSUES

It is likely the new Administration will have to make decisions on four environmental policy concerns in the first quarter of 1989.

Hazardous Wastes: The Administration should decide whether to seek legislative authority to ban exports of hazardous wastes absent a bilateral agreement with the importing country. EPA and OES believe we should seek this authority for domestic as well as foreign policy reasons.

Acid Rain: The Canadians are pressing for an acid rain accord that would include targets and timetables for further emission reductions very early in the new Administration. A decision will be needed as to whether to continue to insist that a commitment to timetables and targets is premature pending development by the Administration of a specific legislative proposal on acid rain.

Climate Change: The Administration will need to develop a strategy on how to address the climate change issue. Secretary Baker has already signalled strong U.S. support for the recently organized IPCC process, including development of policy options for limiting emissions or adapting to climate change. The elements of such a strategy would include research to reduce scientific uncertainties, short-term measures such as additional research on energy sources and efficiency and an approach to calls for an international climate convention.

Biological Diversity/Tropical Forests: A policy initiative will be needed soon if the U.S. is to play a leadership role in this important environmental area. A decision on such an initiative would almost certainly have to be made at the cabinet level.

1/13/87

Global Climate Change:
Administration Steps to Foster Action

Question #1:

What steps does the new Administration plan to take to foster timely action on an international basis to reduce the emissions of greenhouse gases? *

Answer:

- o The President-elect called in the campaign for a global conference on the environment. Global warming would most likely be the principal subject of discussion.
- o The success we had in reaching the Montreal Protocol on ozone-depleting substances shows what U.S. leadership can do in forging a world consensus in addressing key issues.
- o I envision an early conference -- we hope in the first year in office -- as a prelude to an even larger meeting down the road, which might include heads of state.
- o The point is that the President-elect is committed to U.S. leadership in addressing global warming, and I believe you will see that reflected in his early words and actions.
- o While it is clear that we need to know more about climate change, prudence dictates that we also begin to weigh impacts and possible responses. We simply cannot wait -- the costs of inaction will be too high.
- o Our international effort with respect to climate change will be focused on the newly-formed Intergovernmental Panel on Climate Change (IPCC).
- o The U.S. chairs the IPCC's Response Strategies Working Group (RSWG). We are hosting its first meeting at the State Department January 30. (Need to develop an international consensus on options)
- o Will focus on emissions reductions and encouraging reforestation, for example.

* Responds also to a December 20, 1988 letter to Secretary-Designate Baker from Senators Biden, Kerry, Pell, Lugar, Kassebaum and Boschwitz.

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Global Climate Change:
Proposed CO2 Reduction Targets

Question #2:

The final statement of the Toronto Conference on the Changing Atmosphere called for governments to reduce CO₂ emissions by 20% by the year 2005. Should the U.S. set an example of world-wide leadership and endorse this goal? What can we do to implement it? *

Answer:

- o Before we set firm targets for reduction of greenhouse gas emissions, it is widely agreed that we must have a better understanding of the costs and benefit of such reductions, as well as an international commitment to action.
- o And we should not act unilaterally because climate change is a global problem that can only be solved by effective global responses. We cannot do it alone.
- o However, I believe the U.S. must take the lead in international efforts to address global climate change. Others look to us to do so because we are best equipped to understand the problem and develop solutions. We also contribute substantially to the problem.
- o To be effective, we must provide leadership in two key areas:
 - analyzing the problem and strategies to manage or resolve it;
 - acting to limit greenhouse gas accumulation if scientific evidence demands we do so.
- o So the key again is for the U.S. to bring nations together both to improve our scientific understanding and in unified action. The conference proposed by the President-elect will be a key first step.

* Responds also to a December 20, 1988 letter to Secretary-Designate Baker from Senators Biden, Kerry, Pell, Lugar, Kassebaum and Boschwitz.

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Global Climate Change:
Global Climate Protection Act

Question #3:

Under the Global Climate Protection Act, the Secretary of State and Administrator of EPA are required to submit a joint report which shall include a summary analysis of the current international scientific understanding of the greenhouse effect, an assessment of United States efforts to gain international cooperation in limiting global climate change and a strategy for seeking further international cooperation on this issue. This report is due by December, 1989. What steps should the United States take in 1989 to foster and develop international cooperation on this issue? Would you foresee any difficulties in meeting the December deadline for filing this report? In light of the enhanced international interest in this issue, would you be willing to consider moving that deadline forward? *

Answer:

- o We will certainly be able to provide a report to the Congress by December 1989 on all our efforts to foster international cooperation in addressing this issue.
- o The President-elect has indicated that he will play a leading role on this important issue. I will advise that this issue be a topic of discussion in meetings such as the seven-nation economic summit and meetings with Mr. Gorbachev.
- o The Intergovernmental Panel on Climate Change (IPCC) met for the first time in November 1988, and received strong support at the 1988 U.N. General Assembly. The U.S. played a lead role in bringing the IPCC into being.
- o A Working Group of the IPCC will review the state of international scientific understanding. U.S. scientists are actively involved in development of that review. This full international scientific analysis will not be available until mid-1990, but in the December 1989 report to Congress we should be able to provide a status report on the process for developing that analysis and on other U.S. efforts to gain international cooperation on the issue.

* Responds also to a December 20, 1988 letter to Secretary-Designate Baker from Senators Biden, Kerry, Pell, Lugar, Kassebaum and Boschwitz.

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Global Climate Change:
Response Strategies Group Chair

Question #4:

The U.S. is faced with an immediate decision as to which agency should take the lead in the U.S. effort as chairman of Working Group III in the Intergovernmental Panel on Climate Change, which is scheduled to meet in Washington on January 30-31. Should it be the Department of State? the EPA? a Presidentially appointed White House team?*

Answer:

FYI: A Domestic Policy Council working group decided to defer for now the decision on who should lead the RSWG. State will continue in the lead in the interim. The points below indicate our view of what the ultimate decision should be.

- o Not surprisingly, I can develop a number of reasons why the Department of State should lead U.S. participation in international meetings on climate change policy, and specifically in meetings of the Response Strategies Working Group. But clearly we will need to work with other agencies involved -- EPA, the White House, and others. I will push for an early resolution of this issue.
- o State's leadership in this area will help to ensure appropriate representation of the full range of U.S. interests in this complex issue, including the broad foreign policy implications.
- o The State Department cannot, however, lead the development of domestic policy on climate change and will work closely with other agencies in developing options and U.S. positions to ensure that our international positions are based on agreed domestic policy.

* Responds to a December 20, letter to the Secretary-Designate from Senators, Biden, Pell, Kerry, Kassebaum, Lugar and Boschwitz.

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Global Climate Change:
Role of OES Assistant Secretary and World Bank

Question #5:

(A) What role should be assigned to the Assistant Secretary of State for Oceans, Environment and Science to address the issue of climate change?

Answer:

(A) OES Assistant Secretary

- o The OES Assistant Secretary is the senior policy official with principal responsibility for international aspects of the climate change issue, which is an inherently global issue. He would normally lead U.S. delegations to international meetings on climate change.
- o The OES Assistant Secretary carries out this responsibility pursuant to the Secretary of State's statutory authority. He does, of course, coordinate with other concerned bureaus within the Department and with other agencies.

(Note: 22 USC 2656(d), as amended, gives the Secretary primary responsibility for the coordination and oversight of major international science and technology activities. The 1987 Global Climate Protection Act gives the Secretary responsibility for coordinating aspects of U.S. climate policy requiring action through multilateral diplomacy.)

- o May wish to add a personal note: both the President-elect and I are committed to leading a serious effort to achieve global cooperation on the environment. I think people around the world are coming to a new recognition that this is necessary. So, frankly, I think the portfolio of OES will be increasingly important in the years ahead.

(B) How can the United States ensure that the World Bank takes a more active role in addressing the issue of climate change?

Answer:*

(B) World Bank

- o The President-elect made a strong commitment in the campaign to making sure that environmental impacts are more carefully weighted in the development policies both of U.S. agencies and of multilateral organizations to which the U.S. is a party.
- o Treasury experience (e.g., Botswana). Treasury, State, AID and other concerned agencies must work with World Bank leadership and staff, particularly the Bank's environment department, to ensure that:
 - 1) project proposals are vetted for greenhouse and other environmental impacts at the earliest possible stage, and
 - 2) the Bank's overall funding priorities are shifted to sustainable development (a code word for the environmentalists).
- o The U.S. Executive Director and other officials working with the Bank on a regular basis must be instructed to give global climate and other environmental issues the highest priority.
 - * Responds to a December 20 letter to the Secretary-Designate from Senators, Biden, Pell, Kerry, Kassebaum, Lugar and Boschwitz.

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Global Climate Change:
Meetings of Montreal Protocol, Summit Seven, Gorbachev

Question #6:

How can international cooperation to address the greenhouse effect be fostered in the upcoming meetings of the parties to the Montreal Protocol in April, the seven-nation economic summit in June and in future meetings with Mr. Gorbachev? How can timely international action on this serious problem be best ensured? *

Answer:

- o The Montreal Protocol on ozone-depleting substances shows that international agreement on these difficult issues is possible. The President-elect played a key role in helping craft that agreement, so I believe he is aware of both the possibility and the need for international action.
- o We have an urgent need for better baseline data on greenhouse emissions and other activities affecting climate from all nations so we can develop an effective international strategy.
- o Partly in response to Congressional requests, the U.S. has taken the initiative to analyze its own contribution to greenhouse gas accumulation and identify ways in which that contribution could be reduced.
- o This process is furthest advanced with regard to chloro-fluorocarbons (CFCs), where the U.S. took the lead in negotiating the Montreal Protocol and in developing regulatory and other mechanisms for its effective implementation.
- o We should take advantage of upcoming meetings to urge the Soviet Union, the Summit 7 and other nations to do the same.

* Responds to a December 20 letter to the Secretary-Designate from Senators, Biden, Pell, Kerry, Kassebaum, Lugar and Boschwitz.

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Global Climate Change
(Sen. Biden)

Q: As Secretary of State, you will be in charge of coordinating our nation's efforts on global warming with those of other countries. What steps do you plan to take in 1989 to clearly establish U.S. leadership on this issue in the international arena?

A: The President is committed to U.S. leadership in addressing global warming. Our international effort will be focused on the newly-formed Intergovernmental Panel on Climate Change (IPCC), in which we will play a very active role. In particular, we chair the IPCC's key Response Strategies Working Group, which will provide the principal international forum in which policy options related to climate change will be discussed. We hosted the first meeting of the RSWG at the State Department January 30-February 1. In introductory remarks to that meeting, I sought to underscore the importance of U.S. efforts to understand and react to possible global climate change. The U.S. also participated in two other working groups on science and the potential impacts of climate change.

At the same time, the United States Government will continue to participate actively in international efforts to coordinate and promote research to narrow the uncertainties regarding global climate change, including activities under the World Climate Program and the International Geosphere-Biosphere Program, the OECD, and the IEA.

Global climate change should be a topic of discussion in meetings such as the seven-nation economic summit and meetings with Mr. Gorbachev, and should be fully taken into account in the development policies both of U.S. agencies and multilateral organizations. The President is committed to an international conference on environmental issues, and I have proposed adding transnational issues, including the environment, as a fifth part

of the U.S.-Soviet agenda

Global Climate Change
(Sen. Biden)

Q: An economic summit meeting is planned for June of this year in Paris. What steps should the U.S. take at that meeting to gain the cooperation of the major industrialized countries on global warming?

A: The economic summit meeting will provide an excellent opportunity for early discussions on the possible implications of potential global climate change for our societies. We are working actively with other industrialized countries (including those represented at the annual economic summits) in the Intergovernmental Panel on Climate Change (IPCC), in the International Energy Agency (IEA), and in the Organization for Economic Cooperation and Development (OECD) to analyze potential impacts and policy responses. The summit will provide an opportunity for consultations at the highest level to coordinate and advance our efforts.

In my remarks to the Response Strategies Working group meeting, I emphasized the diplomatic aspect of when and how to take action, and I made four points:

- first, that we can probably not afford to wait until all of the uncertainties have been resolved;
- second, while scientific knowledge is refined, we should focus immediately on prudent steps that are already justified on other grounds. These include reducing CFC emissions, greater energy efficiency, and reforestation.
- third, whatever global solutions are considered, they should be as specific and cost-effective as possible; and
- fourth, those solutions will be most effective if they reconcile the transcendent requirements for both economic development and a safe environment.

Global Climate Change
(Sen. Biden)

Q: Would it be appropriate to use bilateral and multilateral foreign assistance programs to help address global warming? Do you believe there is a conflict between global warming considerations and other factors such as economic development or national security?

A: We can clearly see that short-term economic development without regard for environmental considerations can lead to a host of negative results, of which increased concentration of greenhouse gases in the atmosphere is only one. The President made a strong commitment in the campaign to making sure that environmental impacts are more carefully weighed in the development policies both of U.S. agencies and of multilateral organizations to which the U.S. is a party.

There need not be a conflict between global warming considerations and economic development. The concept of sustainable development is increasingly recognized as necessary in today's world. The fight against global poverty and our commitment to environmental protection - including the phenomenon of global warming - are clearly interdependent. Sustained development involves the sound management of resources rather than exhausting them.

Drafted: OES/ENV: SButcher *OC for*
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Cleared: OES: RJSmith *21*
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Debt for Nature Swaps
(Sen. Biden)

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Q: What role do you foresee, if any, for the State Department in encouraging so called "debt-for-nature swaps?" Would it be appropriate to use foreign assistance money to facilitate those swaps?

A: Last April 13, while I was still Secretary of the Treasury, we submitted to the Congress a report regarding possible initiatives by multilateral development banks to facilitate debt-for-nature swaps with developing countries. We also supported the development of private sector initiatives aimed at converting a portion of developing nations' debt into local currency for conservation and environmental use. I was personally involved in promoting revisions of the tax law to encourage debt-for-nature swaps, and plan to continue exploring innovative approaches to debt and development issues along the lines of the co-financing packages worked out during my tenure at the Treasury. I thought these were good suggestions at the time, and still do.

I believe the proper role for the State Department is to work closely with Treasury to encourage the World Bank and other multilateral development institutions to take a number of initiatives, including the following:

- "piggy-backing" debt-for-nature conversions onto MDB loans and environmental programs;
- integrating environmental policy into the banks' structural adjustment and sector loan programs;
- considering pilot programs in certain countries;
- exploring the possibility of making loans available for tropical forest and wetlands protection, and offering technical assistance regarding the start-up of debt-for-nature programs.

REVIEW AUTHORITY: Adolph Eisner, Senior
Reviewer

At the time of last year's release of the Treasury report to the Congress, we did not envision the U.S. government playing a direct role in debt-for-nature swaps. I understand, however, that A.I.D. has been in close consultation with nongovernmental and private voluntary organizations concerning the feasibility of very limited debt-for-nature pilot projects within the narrow legal constraints currently governing A.I.D. debt-swap activities. In view of the increased public awareness of this issue, and the importance of preserving our fragile environment, I believe that the entire debt-for-nature concept is a subject worthy of serious study. The Department of State will be actively engaged in the consideration of this concept.

Question 8

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