THE WHITE HOUSE

WASHINGTON

January 22, 1991

MEMORANDUM FOR THE DOMESTIC POLICY COUNCIL

FROM: The Global Change Working Group

SUBJECT: Framework Convention on Climate Change

ISSUE:

Negotiators representing the United States at the first negotiating session of the Framework Convention on Climate Change on February 4, 1991 require guidance on three issues:

(1) Aspects of the strategy U.S. representatives should follow during the negotiations;
(2) Whether we should press other nations to adopt the "comprehensive approach;" and
(3) Whether a document outlining U.S. accomplishments should be released at the first negotiating session.

BACKGROUND:

1. The General Situation.

Formal negotiations on a framework convention will take place, over the next 18 months, under the auspices of the United Nations General Assembly. Although differences exist regarding the purpose of the Convention, it is our understanding that the Convention should establish an institutional basis for international cooperation on climate change including the conduct of scientific research and the exchange of climate change information. It will also provide the legal and logistical structure for future protocols or annexes (if any) containing specific commitments. The Convention is expected to be ready for signing at the June 1992 U.N. Conference on Environment and Development in Brazil.

President Bush has invited other nations to meet in Washington for the first negotiating session. This is scheduled to take place February 4 to 14, 1991. The first negotiating session will focus on organizational and procedural issues. This paper provides background on the question of climate change and addresses three issues that need to be considered prior to the negotiations.

2. Previous International Action.

The World Meteorological Organization and the United Nations Environment Programme set up the Intergovernmental Panel on

Climate Change (IPCC) in 1987 as a vehicle to assess scientific information pertaining to climate change, impacts of such change, and possible strategies to assist in responding to potential changes. The U.S. participated in and accepted the activities of the IPCC.

At the Second World Climate Conference in November 1990, the IPCC adopted an interim report. This report addressed four major areas of climate change: (1) research; (2) the impacts of potential change; (3) response strategies; and (4) legal measures to implement response strategies, including possible elements of a framework convention on climate change. This report forms the basis for the negotiations on a framework convention on climate change.

The Second World Climate Conference agreed that the scientific conclusions set out by the IPCC reflect the international consensus of scientific understanding of climate change, including these key points:

- "Emissions resulting from human activities are substantially increasing atmospheric concentrations of greenhouse gases. These increases will enhance the natural greenhouse effect, resulting on average in an additional warming of the Earth's surface."

- "Without actions to reduce emissions, global warming is predicted to reach 2 to 5 degrees C over the next century, a rate of change unprecedented in the past 10,000 years."

- "The warming is expected to be accompanied by a sea level rise of 65 cm (+/- 35 cm) by the end of the next century."

- Substantial scientific uncertainty continues regarding the details of climate change. To narrow the uncertainties, on-going research is being conducted in high priority areas, such as oceans, clouds, carbon cycle, polar ice sheet, and sea ice.

Some policy makers do not share the certainty reflected by the predictions published in the IPCC report, because of the unsettled state of the scientific analysis.

3. <u>The Science of Climate Change</u>.

Studies show that concentrations of greenhouse gases have increased. However, the causes of this increase--including both natural and human factors, as well as the way these may affect regional climate patterns and the earth's temperature regulation process--continue to be unclear. Certain gases, such as carbon

dioxide, methane, nitrous oxide, and chloroflurocarbons (CFC's), increase the retention of heat in the atmosphere.

Natural processes are responsible for twenty times the amount of greenhouse gas fluctuations than those caused by human activities. For instance, even though nitrous oxide is emitted by the manmade process of burning fossil fuels and using nitrogen fertilizers, it is also emitted by the natural aerobic decomposition of organic matter in oceans and soils and by bacteria. Nevertheless, significant changes in atmospheric concentrations are being caused by human-related activities, largely reflecting increases in industrialization.

The earth adapts to changes in greenhouse gas concentrations through a complex system that naturally regulates global temperatures. One result of this natural regulatory process may be changing climate patterns and higher average temperatures. This system is not only affected by "sources" of greenhouse gas emissions, but also by "sinks" that sequester concentrations of these gases. The system also includes the radiation of energy into space.

Although scientific research on the relation between the emission of greenhouse gases and climate change has focussed on global warming, this is only one of several interrelated climate phenomena that may be affected by such emissions. Other climate phenomena that may be affected include the patterns and amounts of precipitation, the patterns and severity of storms, as well as the mean sea level. Each of these climate phenomena may involve significant fluctuations in temperature over wide regions of the earth's surface. It is important to note that the effects of climate change may vary by region. Changes in temperature and precipitation may cause adverse effects in some areas of the world while resulting in beneficial effects in other areas.

Computer models have been developed to predict the effects on climate of different concentrations of greenhouse gases. Nevertheless, these computer models are not yet able to reflect the natural system of temperature regulation with much accuracy. As a result, scientists are not able to agree on the magnitude, spatial distribution, and timing of any climate changes caused by increased concentrations of greenhouse gases and the effect of natural mitigating factors. The computer models are particularly poor guides to regional variations of climate changes. These changes are the basis upon which economic impact studies are made, and are key to the development of responsible policy decisions.

4. The Economics of Climate Change.

Cost-benefit analyses of proposals for reducing emissions compare the costs of such proposals with any benefits they would produce

by altering climate processes. These benefits would equal the total costs of projected climate changes (often called the costs of not acting) only for proposals that promise to stabilize the climate. Most emission limitations that have been proposed internationally would reduce natural and human emissions only slightly and would therefore have only a minor effect on climate processes.

Economic studies of climate change issues have only just begun and little is yet known. For example, there are few quantitative analyses of the cost of sea level rise. Nor has there been much study of the impact that future climate changes may have on the agriculture, forestry and fishing industries, which are sensitive to climate variations. These industries amount to only 3 percent of the U.S. GNP, but they represent a much larger part of the economies of developing nations.

Studies based on historical data regarding carbon dioxide emissions suggest that stabilization or small reductions would impose costs on the order of 1 percent of GNP for industrialized countries by the turn of the century and that those costs would rise over time. Other studies based on analyses of particular technologies suggest that, in principle at least, costs could be more modest. Advances in technology could lower baseline emissions, costs of reduction, and the tendency of costs to rise over time.

5. Energy Issues in Climate Change.

Even though human activities cause only a fraction of greenhouse gas emissions, international talks have focused on reducing man-made emissions, especially emissions from the use of fossil fuel. The U.S. produced almost 6 billion tons of carbon dioxide from fossil fuels in 1988. Because this was about 25 percent of all man-made carbon dioxide emissions world-wide, the U.S. has become a large target for criticism from other countries despite our positive record on overall greenhouse gas emission control. It is worth noting that the U.S. also produces about 25 percent of the world's GNP, so that its share of man-made carbon dioxide emissions compares with its share of production.

THE CLIMATE CONVENTION NEGOTIATIONS:

A framework convention establishes general obligations and procedures for carrying out these obligations. Specific commitments are usually included in subsequent annexes or protocols to a convention. Nevertheless, several countries are pressing to include specific obligations for targets and timetables for stabilizing emissions of certain gases in the convention or in protocols negotiated simultaneously with the convention.

We have taken the position that such commitments are premature and should be negotiated only after signing a framework convention. Even then commitments should be made only if analyses demonstrate that they are necessary and will result in net benefits. The model is the Vienna Convention (March 22, 1985) on ozone depletion and the subsequent Montreal Protocol (September 16, 1987). We are uncertain of the level of support the U.S. will receive on our position and may have to reconsider if other countries fail to support us.

1. The Process.

The climate change negotiations will be carried out through the auspices of the Intergovernmental Negotiating Committee, serviced by a United Nations Secretariat. Following the first session here in Washington, most of the negotiating sessions will be held at U.N. facilities in Geneva, with one or possibly more sessions in Nairobi. Sessions will be one to two weeks in length, and will be held every three or four months through 1991. Sessions will be scheduled as needed in 1992. Jean Ripert of France is likely to be elected to chair the negotiations.

2. The U.S. Delegation.

The U.S. delegation for the first session will be headed by Curtis "Buff" Bohlen, Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs. The alternate head of delegation will be Robert A. Reinstein, Deputy Assistant Secretary of State for Environment, Health and Natural Resources. Reinstein will function as negotiator for this and subsequent sessions. The negotiating team is expected to include 12-15 representatives of the agencies with relevant energy, environmental, scientific and economic expertise and interest in this issue. Federal government agency involvement with the framework convention is being coordinated by the Department of State. White House coordination of the negotiations is being provided by the Office of Science and Technology Policy.

3. Agenda for the First Session.

Although a draft agenda has not yet been circulated by the U.N. Secretariat, the following work-plan is anticipated for the nine-day session:

- Organizational matters (1 day);
- Initial country statements (2 days);
- Establishment of subgroups and preparation of the legal negotiating text (5 days); and
- Other matters such as defining the relationship between the IPCC and these talks (1 day).

Countries will propose text they wish to see included in the convention. Language not agreed to by all the parties will be bracketed. Little attempt will be made to resolve differences about the text during the first session.

The U.S. will propose several non-controversial provisions, particularly in the area of scientific and economic research and cooperation. More importantly, as discussed in question 2 below, the U.S. will seek to convince other countries that they should adopt the comprehensive approach in the text of the framework agreement.

A summary of other countries' positions on the global change issue and their approach to the framework convention negotiations is attached in Appendix A.

4. Elements for Possible Inclusion in the Framework Convention.

In addition to certain non-controversial elements of the framework convention identified by the IPCC, we expect several controversial elements to be proposed as well.

-- Targets and Timetables: Several countries will try to force a debate about targets and timetables for reductions of greenhouse gas emissions, particularly carbon dioxide emissions from the burning of fossil fuels, over the next 18 months. All other OECD countries, except Turkey, have made statements arguing that such obligations should be undertaken now, either as part of the convention itself or in protocols negotiated simultaneously with the convention.

-- The Precautionary Principle: Many countries will suggest putting an article on the "Precautionary Principle" into the framework convention. As yet, there is no commonly accepted definition of this principle. Some believe it merely reiterates the need to prevent pollution. Others hold that it imposes a burden of proof, i.e., that an activity cannot be undertaken unless proof can be shown that it will not harm the environment.

-- Financial assistance: Consistent with the Houston Economic Declaration, a general commitment to promote financial assistance for developing countries will be negotiated in the framework convention. Developing countries will undoubtedly propose that this include a commitment to provide "new and additional" funding, a commitment that we oppose. The United States will argue that the newly established Global Environmental Facility in the World Bank is the appropriate mechanism through which any multilateral assistance should be processed.

-- Development and transfer of technology: The developing countries have often called for technology transfer on a "preferential and noncommercial basis." Although this language

raises the problem of protection of intellectual property rights, there is a wide range of technologies for which this issue does not arise. U.S. negotiators intend to highlight the value of existing cooperation programs.

QUESTION 1: Should the following strategy be adopted to guide U.S. representatives at the first negotiation session?

1. Propose specific language on scientific cooperation and monitoring consistent with the comprehensive approach.
2. Oppose specific targets and timetables for greenhouse gas emission reduction--particularly carbon dioxide.
3. Oppose extreme statements of the "Precautionary Principle."
4. Oppose commitment to new and additional financial assistance.
5. Explore ways of promoting technology transfer that will be advantageous to the U.S., taking full account of market forces and the protection of intellectual property rights.
6. Highlight steps already taken to show U.S. commitment to act. (See Question 3 for further elaboration).

Over the past year, the U.S. has taken a prudent approach to the climate change issue. Other countries have been willing to commit themselves to specific targets and timetables for reducing greenhouse gas emissions with little regard, in some cases, for either the cost or the lack of information necessary to craft an effective plan.

The U.S. is widely perceived as entering these negotiations in an isolated position, since it is the only major developed country that has not committed itself to a timetable for achieving specific greenhouse gas reductions. Therefore, to buttress the prudence of our approach we will need to have a well-defined negotiating plan to take with us to the table in February.

The U.S. can bolster its position on targets and timetables by pointing out the scientific uncertainties as well as the likely costs, administrative complexities, and possible trade problems that could arise from the imposition of large taxes on the carbon content of fossil fuels--the primary means for achieving major reductions. We have solid economic and scientific research already under way and partially completed that could be used to back up this position.

To address the doubt expressed by other countries concerning the sincerity of our commitment on the climate change issue, we may wish to consider signals that would show the U.S. commitment to act. Indeed, we are already taking steps--albeit steps justified for other reasons such as energy security, clean air and other

environmental concerns--that address climate issues and that can be used to improve the U.S. bargaining position. (Question 3 sets forth a specific proposal in this regard).

Pros:

- This strategy highlights steps already taken that demonstrate U.S. leadership, and underscores the prudence of the U.S. approach for addressing global climate change.
- The positions outlined are consistent with past U.S. negotiations on the issue.
- The strategy emphasizes the importance of reliable scientific and economic research as the basis of any action.
- Avoiding specific commitments on timetables and levels of reduction until subsequent protocols provides more time to gather the scientific and economic data necessary to make informed decisions.
- The approach is supported by some other countries (including Canada and some developing countries) and by some environmental leaders.

Cons:

- This strategy may be considered a delaying tactic by other countries, by environmental groups and by the media.
- If our position is seen as too obstructionist, it may reduce our negotiating leverage on this issue.
- The media is likely to continue its criticism of the Administration on this issue.

QUESTION 2: Should U.S. negotiators press other nations to adopt the "comprehensive approach" in the Framework Convention?

Over the past year, the U.S. has actively promoted a "comprehensive approach" to greenhouse gases. Under this approach, all gases would be placed on an equal footing based on a scientifically determined "greenhouse potential index"--an index taking into account the intrinsic molecular greenhouse efficiency of each gas, its average residence time in the atmosphere and other relevant considerations.

This approach is preferable because: (1) other gases than carbon dioxide are greenhouse gases, some of which are less costly to

regulate (such as CFC's); (2) it would ensure that developing nations contribute to the international effort; (3) it lays the groundwork for a market approach (nationally and internationally) to reduce emissions at the lowest possible cost; (4) it avoids problems inherent in attempting to develop individual protocols for each greenhouse gas, and (5) it focuses attention on the potential for expanding sinks that sequester greenhouse gas emissions.

Pros:

- Promotes an innovative approach to the issue of climate change enhances U.S. leadership in the negotiations.
- Moves the climate change issue away from a narrow focus on carbon dioxide which places a disproportionate burden on energy and transportation sectors of the economy.
- It is a more valid approach, from a scientific perspective, than other approaches.
- Focussing on the total picture, including both sinks and sources, increases the flexibility of efforts to limit the effects of greenhouse gases.

Cons:

- Some countries may portray our strong support for this approach as a ploy for avoiding the reduction of carbon dioxide.
- May involve measurement requirements too sophisticated for some countries to handle.
- Scientific uncertainties regarding characteristics and behavior of some of the gases make it difficult to calculate exactly comparable indices at this time.
- Methods for monitoring and reducing emissions of greenhouse gases from sources such as forestry, bovine animals, and pipelines are still being developed.
- May become a tactical bargaining chip that could be used to pressure the U.S. into accepting targets and timetables.

QUESTION 3: Should a document be released at the first negotiating session outlining U.S. accomplishments that reduce greenhouse gas emissions?

Although we have opposed specific timetables and targets for reducing emissions, the U.S. has already taken steps that address

the possibility of global climate change, such as the global change research program, the Clean Air Act, phasing out CFC's, and the tree initiative. In fact our efforts are unmatched by any other country. Nevertheless, the U.S. was portrayed as anti-environment at earlier climate change conferences principally because of our lack, to date, of initiatives in the energy sector. This situation might change if attention is directed to our achievements. For this reason, we are developing a publication to highlight U.S. accomplishments which could be distributed at the first negotiating session.

The document could be framed as a U.S. "Action Plan" on climate change. While it would be comprised of steps already approved or on their way to being implemented, it is important not to frame the document solely as an "accomplishments" brochure, lest there be an attempt to discount actions already taken in order to press for future commitments. Similar brochures have been prepared and distributed by other countries at past conferences. A draft for such a document is attached in Appendix B.

Pros:

- The concrete steps taken by the U.S. compare well with the largely rhetorical policy pursued by critics of the Administration.
- A quality document would demonstrate our rigorous interest in the global climate change issue without breaking new policy ground.
- The U.S. would no longer be the only country without an "Action Plan."

Cons:

- Could become the focus of a negative campaign by being portrayed as papering over the U.S. unwillingness to make new international commitments.
- May raise questions about why the U.S. still refuses to endorse targets and timetables--if the U.S. is so close to achieving targets others only talk about, why does it continue to resist targets?
- Could provide fodder for manipulation by countries or interest groups with opposing views of the United States.

Attachments

POSITIONS ON CO_2 EMISSION TARGETS

		Base Year (when specified)
Stabilization by 1995:	Netherlands	1989–90
Stabilization by 2000:	Australia	1988
	Austria	
	EC Commission	1990
	Finland	
	Italy	1990
	Japan	1990
	Norway	1987
	Sweden	1988
	Switzerland	
Stabilization at ~ 10% over current levels by 2000:	France	
Stabilization by 2005:	Canada	1988
	United Kingdom	1990
3–5% reduction by 2000:	Netherlands	1989–90
20% reduction by 2005:	Australia	1988
	Denmark	
	New Zealand	1990
25% reduction by 2005:	Germany	1987
Support targets for industrialized countries, weaker or no targets for LDCs:	Brazil	
	China	
	India	
	Malta	
	Mexico	
	Saudi Arabia	
Oppose targets:	Israel	
	USSR	
	Venezuela	

Country Targets and Timetables

Australia

Cabinet announced target 11 October of stabilizing CO2, CH4, N20 at 1988 levels by 2000, reducing 20 percent by 2005, provided no net adverse effect on Australian competitiveness if other major developed nations do not take similar actions.

Austria

Urged at February IPCC plenary that industrialized countries stabilize by 2000 as first step; no specific domestic target set.

Belgium

Said at IEA meeting in July that it had begun taking actions that would lower emissions, but had not yet conducted the analysis necessary to justify establishing a target. Supported US position at Bergen.

Brazil

President Collor noted in June World Environment Day speech the need for specific commitments for the stabilization and reductions of CO2 emissions per capita. He implied, but did not explicitly state, that he was referring foremost to the fossil fuel emissions of developed countries.

Canada

Pledged in June to stabilize CO2 at 1988 levels by 2005.

China

Strongly implies that it favors targets for developed countries, opposes them for LDCs. Projects substantial CO2 emissions growth.

Denmark

National energy plan calls for 20 percent CO2 reduction by 2005.

EC Commission

Favors stabilization of CO2 at 1990 levels by year 2000, significant reduction by 2005.

Finland

Urged at IPCC February plenary that industrialized countries stabilize by year 2000 as first step, no specific domestic target set.

France

Proposed in September a three-tiered global strategy to converge per capita CO2 emissions rates by early 21st century. Under this plan, France would stabilize its emissions at or below 2.0 tons per capita by 2000 (up to a 10 percent increase from current levels), provided that other major industrialized countries agree to stabilize their emissions.

Germany

Cabinet announced in June non-binding commitment to reduce CO2 emissions 25 percent from 1987 levels in former West German area by 2005.

India

Opposes targets for developing countries.

Israel

Opposes targets.

Italy

Supports stabilization of CO2 at 1990 levels by 2000 as part of EC-wide initiative. No domestic target set.

Japan

Announced action plan 19 October to stabilize CO2 emissions per capita at 1990 levels by 2000. Methane emissions will also be capped at current levels. Gross CO2, N20, and other greenhouse gas emissions will be stabilized by 2000 if feasible.

Malta

Supports targets and timetables; no domestic target set.

Mexico

Appreciates unilateral commitments by industrialized countries to stabilize emissions by 2000. Believes obligations should be equitably differentiated according to

countries' respective responsibilities for causing and combatting climate change and their level of development.

Netherlands

Parliament passed in September revised National Environmental Policy Plan, calling for stabilization of CO2 emissions at 1989-90 average by 1994-95, 3 to 5 percent reduction by 2000. Government officials describe commitment as binding.

New Zealand

Environment minister announced plans in September to reduce CO2 emissions 20 percent from 1990 levels by 2005.

Norway

National goal is stabilization at 1987 levels by 2000, provided other countries take similar actions.

Portugal

Opposes targets.

Saudi Arabia

Favors stabilization by 2000 target for industrialized countries; no domestic target set.

Spain

Would support EC stabilization target if scaled to current per capita emissions so as to be equitable among EC members.

Sweden

Parliamentary mandate to stabilize CO2 at 1988 levels. Supported call at IPCC February plenary for stabilization by 2000.

Switzerland

Urged at IPCC February plenary that industrialized countries stabilize emissions by year 2000 as first step; no domestic target set.

United Kingdom

Prime Minister Thatcher announced in May that the UK would enact a strategy to achieve a stabilization of CO2 emissions at 1990 levels by 2005, provided other major industrialized countries take similar steps.

USSR

Opposes targets.

Venezuela

Opposes targets.

Note: Only the government of the Netherlands describes its target as binding.