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1998-0004-F[1]

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Record Group/Collection: George H.W. Bush Presidential Records
Collection/Office of Origin: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files

OA/ID Number: 29155
Folder ID Number: 29155-007

Folder Title:
Environment - Miscellaneous (1990) [3]

Stack:	Row:	Section:	Shelf:	Position:
G	15	25	1	7

Withdrawal/Redaction Sheet (George Bush Library)

Doc. No. / Type	Subject/Title	Date	Restriction	Classification
01a. Memo	From Ed Rogers to John Sununu Re: Environmental Strategy 1990-1992 (1 pp.)	6/1/90	P-5	
01b. Report	Environmental Strategy 1990-1992 (10 pp.)	n.d.	P-5	
02a. Cable	From American Embassy London to Secretary of State Re: Montreal Protocol Working Group [221635Z Jun 90] (4 pp.)	6/22/90	(b)(1)	C
02b. Cable	From American Embassy London to Secretary of State Re: Montreal Protocol Working Group [221635Z Jun 90] (4 pp.)	6/22/90	(b)(1)	C
02c. Cable	From American Embassy London to Secretary of State Re: Montreal Protocol Working Group [221635Z Jun 90] (4 pp.)	6/22/90	(b)(1)	C
03. Report	Conditions Under Which U.S. Will Accept Montreal Protocol Amendment Package (2 pp.)	n.d.	(b)(1)	C
04. Letter	From William Reilly to POTUS Re: Meeting w/PM Mulroney (3 pp.)	8/1/90	(b)(1)	C
05a. Memo	From Michael Boskin to John Sununu Re: Draft letter to Bill Reilly on Clean Air Act (1 pp.)	9/18/90	P-5	
05b. Letter	Draft letter from Michael Boskin to Bill Reilly Re: Clean Air Act (2 pp.)	n.d.	P-5	

Page 1 of 1

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WHORM Cat.:
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Pinksheet Number: KO0647
OA/ID Number: 29155-007
Date Closed: 12/9/2004
FOIA/Sys Case #: 1998-0004-F[1]
Re-review Case #: 2005-0426-S
P-2/P-5 Review Case #:

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Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed: 12/9/2004	OA/ID Number: 29155-007
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
 P-6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Removed as a personal record misfile.

Freedom of Information Act - [5 U.S.C. 552(b)]

(b)(1) National security classified information [(b)(1) of the FOIA]
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 (b)(9) Release would disclose geological or geophysical information



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

June 1, 1990

(202) 395-5080

MEMORANDUM TO: GOVERNOR JOHN SUNUNU
THROUGH: ED ROGERS
FROM: MICHAEL DELAND
SUBJECT: Environmental Strategy 1990-1992

Attached is a preliminary outline of the thematic underpinnings for an environmental strategy for the next several years. It is predicated upon solidifying the President's "natural resource" base and upon developing a market-based "pollution prevention" initiative.

The strategy recognizes that while the President has a highly commendable environmental record, it needs to be "packaged" or marketed so as to increase the chances for it getting the credit it deserves. Further, there are opportunities for leadership in the environmental field, which are entirely consistent with Administration philosophy, which could be easily initiated.

Should you concur with the philosophy and direction of this strategy, I would look forward to developing an action plan for your consideration.

Enclosure

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ENVIRONMENTAL STRATEGY 1990-1992

WHAT'S THE URGENCY?

Time is short. There are 18 months until 1992 and the formal start of the campaign season. The Administration must take stock of its environmental agenda, make adjustments as needed, and begin to communicate that agenda aggressively. **We must shape the environmental debate, much as the campaign did in 1988.**

The problem? The message of George Bush's environmental leadership -- breaking a decade-long deadlock on clean air, increasing budgets for EPA and for key environmental programs at Interior, a billion dollar investment in global change research, banning ivory imports and restricting hazardous waste exports -- is not being heard. **The President has embraced environmental protection to a far greater degree than he is given credit for.**

A VIEW OF THE LANDSCAPE

George Bush is an enormously popular President. As of May 24, the President's overall job approval rating was 72%.

However, complacency is unwise -- the President's overall popularity does not extend to his environmental record. February's Time/CNN and Harris polls found that only 35% and 42%, respectively, of Americans gave the President a positive rating on the environment; recent Harris data indicates a significant drop from even this level. A CBS/New York Times poll showed only 24% recognizing the President for his progress on the environment, while 62% said he just talks about it. The numbers go on...

There are several conflicting views of the President's environmental record. One is the more cynical one reflected in the polls above -- the environment was just an election issue. A second, more charitable view is that he **does** care, but that party officials and close aides constrain his choices and thus prevent him from translating that view into protective policies.

These perspectives and the numbers behind them would not be disturbing if they applied to an issue of little concern to the electorate. But they do not. Environmental concerns rate high on the agenda of an increasing number of voters. A full 75% of voters think government should do more to protect the environment, and more than seventy percent (up from sixty-one percent in 1984) believe that protection of the environment should be given priority, even at the risk of curbing economic growth.

HOW DID WE GET HERE?

In 1988, George Bush for the first time put environmental protection on the Presidential campaign agenda. By essentially seizing the environment as an issue from the Democrats, he has raised the standards by which he, and likely all future Presidents, will be judged by the electorate.

In light of these raised expectations, many feel the President is not yet on a course to earn the title "environmental President." Voters overwhelmingly approve of the standard we have set but, in their minds, our actions have not yet met that standard -- in spite of the President's demonstrated leadership.

Elected officials across the country recognize the new reality. For example, Bob Martinez is working, apparently with some success, to improve his image with a series of TV ads and pro-environment positioning on tanker traffic in the Florida Keys. This reflects a recognition of the fact that broadly defined environmental issues -- population growth, water quality and pollution -- moved ahead of drugs and crime in recent Florida polls.

And in California, Pete Wilson is beginning to draw fire for his uncertain position on the sweeping environmental ballot initiative "Big Green".

Environmental concerns are not only a Democrat-versus-Republican issue. At the very time the environment is becoming more important in more regions of the country, a significant number of Republicans appear skittish about the party's ability or willingness to confront this issue. According to one recent poll, even traditionally conservative Arizona is facing conversion of GOP members to "cactus huggers". In another poll, only 25% of Republicans chose their own party as likely to do more for the environment -- while an equal number chose the Democrats.

Finally, while the Republican party increasingly appears to be of two minds on environmental issues, polling clearly shows strong support (as much as 60-70%) for pro-environmental policies among rank-and-file Republicans. It is critical that, having taken the environment issue away from the Democrats, it not now be allowed to divide the Republican party.

While admittedly difficult, a Republican Presidential candidate could draw new voters -- independents and Democrats -- with a perceived pro-environment record, while even a popular incumbent could lose votes, including a portion of his Republican base, with a poorly perceived record.

A COUPLE OF LESSONS

In the best of worlds, we **can** have our cake and eat it too. That is the President's message -- we can have jobs and economic growth **and** protect the environment.

The trouble is that the President's current message -- that we must "find a balance" -- is not working. It satisfies neither the conservation community nor the business community. Embracing the "environmentalist" mantle has earned the President the distrust of some business and conservative skeptics, yet the "split the difference" approach is, so far, seen as "waffling" by those sensitive to environmental concerns.

In the best of all **political** worlds, we can win the support of the conservation community **without** losing the support of business. How? By recognizing that while business may be **unenthusiastic** about a stronger environmental posture, what choice do they have? Where else can they go? Would the Democrats serve their interests better? Of course not.

On the other hand, polls tell us that some rank-and-file Republicans are willing to exercise the choice available to them, by defecting to the Democrats.

THE BUSH ENVIRONMENTAL AGENDA -- BUILDING ON OUR STRENGTHS

In light of this political landscape, a successful agenda for the President must:

- o consolidate support among those sectors of the electorate that have the potential to "swing", and
- o outline a new way of protecting the environment -- break the presumed link between environmental protection and "command and control" regulation.

These objectives can be achieved by:

- o putting forth a "conservation initiative" that puts into action the President's concern for the outdoors, and in doing so, plays directly to a natural base of support, and
- o demonstrating what we mean by "using market forces to protect the environment". We need to move beyond words in this area.

A Focus on Conservation and Natural Resources

George Bush loves the outdoors. A substantial portion of his strongest natural constituency loves the outdoors as well. Yet, the majority of the debate over environmental protection is over contentious -- and costly -- pollution issues.

A program of positive, upbeat initiatives that provide the President with opportunities to protect the outdoors -- not fight industry -- is a winner.

The focus on pollution abatement has meant that quieter issues have been ignored. The health and beauty of our Nation's natural heritage have been given short shrift. Our parks system is in distress, both from within, as the stress of hundreds of millions of visitors takes its inevitable toll, and from without, as encroachment continues and our understanding of the parks as more than mere "islands" grows. The recognition of wetlands and other critical ecosystems has grown concurrently with demands for conversion of those systems to other uses. Agencies of government, such as the Army Corps of Engineers and the Bureau of Reclamation, search for new roles and new mandates, as an era of "development at all costs" gives way to an era of conservation and wise use.

A package of new actions, current initiatives, and public statements and appearances can provide the necessary focus. Interior's "America the Beautiful" program, which includes land acquisition, the President's tree planting initiatives, and Legacy '99, could serve as a basis for this effort.

Some New Elements Of A Comprehensive Program

- **"Regeneration Initiative"** -- a federal government-wide program of environmental improvement activities -- artificial reef building, wetlands restoration, fish and wildlife enhancements at existing dams, and the like. A positive, active approach.
- **National Prairie Protection Program** -- Use of existing federal lands, cooperative management agreements, Conservation Reserve and limited new acquisition to protect and restore native prairie ecosystems.
- **President's Commission on National Park Management** -- a comprehensive look at using the ecosystem approach, rather than piecemeal responses, to managing these national jewels, and the legitimate, yet sometimes conflicting recreation and preservation functions they serve.
- **"Save the Birds" Initiative** -- diplomatic efforts to provide protection for both summer (U.S.) and winter (Caribbean and

Central America) habitat of songbirds, which are in precipitous decline due to habitat losses.

Market Forces: Showing What We Mean

The most powerful element of the President's environmental message -- in both political and substantive terms -- is that we cannot continue to add new and more complex regulatory requirements to the staggering array developed over the past twenty years.

There are two problems with this message. First, as yet, it has not been put into action. With the important exception of the Clean Air Act, concrete examples of using market driven incentives are few, and the public knows it. (Even the Clean Air Act, with its important elements of emissions trading, is fundamentally a regulatory proposal.)

Second, since concrete examples are not widely available or known, there has been no strong constituency built around the idea. In addition, there is real skepticism that what is meant by the term is simply less regulation -- and less protection for the environment -- rather than a commitment to increasing protection, albeit with less contention and cost.

The President must seize the opportunity provided by a general recognition that old-style regulation has reached the limits of its effectiveness. He should acknowledge, in a direct and explicit fashion, that new ways of protecting the environment are needed -- ways that achieve and improve upon the benefits of "command and control" regulation, but do so with less disruption and cost. The CEQ Presidential Advisory Committee, to be established by Executive Order, should be charged with recommending how to make our environmental protection efforts smarter, as well as more effective.

It is also imperative that, in the short term, the Administration lead with several proposals, in addition to the Clean Air Act, that embody and demonstrate the central philosophy of using market signals to achieve public goals. These proposals must be largely budget neutral and place no drag on the economy.

"Pollution Prevention"

Reducing the amount of waste produced in American society is the quintessential win-win opportunity. Waste costs money to produce -- it is, after all, material that might otherwise be incorporated into saleable product -- and it costs money to dispose of -- whether it is hazardous waste or simple solid waste.

"Pollution prevention", if defined first by the Bush administration, rather than Congress, need **not** be a code word for a new regulatory regime.

There are hundreds of examples of large and small firms which are saving money -- through reduced raw material costs or reduced disposal and liability costs -- by reducing waste.

For example, for over a decade, 3M has had a "Pollution Prevention Pays" program, which indeed does pay. Chevron has a "Save Money and Reduce Toxics" (SMART) program, which has reduced their toxic discharges by 60% over three years, while also saving money. And the Robbins Company, a small metal plating firm, adopted internal process changes that saved \$100,000 in the first year alone, while eliminating their toxic discharge, and hence their need for an EPA permit.

These are examples that must be replicated here in this country and around the world. **The market will assist us, if we assist it.** Information dissemination, research, technology transfer, coordination of existing permitting and reporting requirements, and federal government leadership in the recycling area can form the backbone of an effective message.

Energy Efficiency

Another win-win situation. Cutting energy use allows for continued economic growth while allowing progress toward clean air, reduces the need to fight over frontier exploration in environmentally sensitive areas, saves people and firms money and can improve our balance of trade by reducing the energy needed to produce manufactured goods.

The problem is that too many Americans equate energy **conservation** with Jimmy Carter and "freezing in the dark." In the past, the message was "do with less -- sacrifice". In the Bush Administration, **efficiency** means being **smart** -- doing as much, indeed more, with less energy.

The federal government should do more to set the example -- by rewarding efficiency in programs that provide residential mortgages, by creating markets for fledgling technologies and by simply adopting efficient technologies in government buildings. In many cases, merely providing people with the information they need can make an enormous difference. There is a place for prescriptive approaches like labeling and standards, but the non-regulatory role is truly fundamental.

WHAT'S COMING AT US?
(The next 18 Month's Radar Screen)

Irrespective of what we wish the agenda to be, there are several items that we will have little choice but to deal with. They fall into three categories:

- o **litmus test issues** -- ones on which, regardless of their overall impact, the President will be closely watched and harshly judged, in many cases because he made specific commitments;
- o **major legislative reauthorizations**, in which we can influence the timing and content of debate, but not control completely; and
- o **initiatives**, items on which we have already made commitments and for which there are important constituencies.

A brief overview of the most important elements in these three categories follows.

Litmus Tests

- o **Spotted owls/old growth.** An obvious test case. We need to go beyond the jobs-versus-trees debate and focus on creative approaches -- comprehensive forest management approaches, economic transition and job protection strategies, etc.
- o **Wetlands.** Progress on the DPC Task Force, as well as other administrative and legislative fronts, must be visible and convincing.
- o **OCS Drilling.** A strategy that convinces the conservation community that efficiency and conservation have been aggressively pursued, while not closing off the possibility of additional drilling, could work.
- o **Global Change/International Leadership.** More visible efforts to identify and implement "double duty" policies -- those which are justified in their own right and which also reduce greenhouse gas emissions -- could earn greater understanding and support for our position.

Reauthorizations

Our success with the Clean Air Act debate must be replicated. Early on, the President seized the initiative and dealt from a position of strength. The following statutes (in addition to the Farm Bill and Coastal Zone Management Act) will be reauthorized before the 1992 elections or will be under significant debate for reauthorization soon after. The key is to

ensure that EPA and Interior act on our timetable, not Congress'. Target dates for each statute should be developed, with a schedule for position papers and draft legislative language based on these targets.

- o Resource Conservation and Recovery Act
- o Magnuson Fisheries Act
- o Clean Water Act
- o Federal Land Policy Management Act
- o Superfund/SARA
- o Toxic Substances Control Act
- o Surface Mining Control Act (possible)

Administration Initiatives

There are several projects on which we must maintain visibility and momentum over the coming period. These include:

- o DOE/DOD Facility Cleanup and Management
- o Oil Spill Planning/Response and Treaty Ratification
- o Tree Planting
- o Agriculture -- Safe and Productive for the Long Term
- o Clean Air Act Implementation

In all of these cases, there is a substantial body of work already done and clear plans for the future. This message must be continually reinforced.

WHAT SHOULD OUR STRATEGY BE?

Raised expectations of environmental progress will be used against the President, unless an aggressive strategy of communicating our successes, identifying any potential weaknesses in our current program, and shoring up those weaknesses is in place.

Point 1: Our strategy should aim both to win the confidence of voters concerned with health, safety and environmental quality and lock in the support of the constituency (Republicans and moderates concerned with environmental and conservation issues) that we are most in danger of losing.

Point 2: Our message should reflect the fact that the "split the difference" approach is not working.

Point 3: We can adopt such an agenda with little political fear that we will lose significant support from business and industry.

Communication Strategy

The President must increase his environmental visibility during the next 18 months. Achieving that goal will require that three key White House functions be full partners in achieving our goals. These are:

- (1) **public liaison** -- valuable or worried constituencies -- including those outside the Beltway and outside of the "Group of Ten" environmental leadership -- must be actively courted. Also, some rough edges notwithstanding, there remains a willingness on the part of many major environmental groups to work with the President, a fact -- and opportunity -- which should not be ignored.
- (2) **press** -- our message must be constant, consistent and complete. Up to date briefing materials on our accomplishments and proposals should be available to both White House and Cabinet press staff, and
- (3) **scheduling and events** -- most important of all, the President must be visibly and frequently involved in events that exemplify our message. Ribbon-cuttings at parks, wildlife refuges and the like, as well as private events, should be actively sought. The President -- not policies or programs -- is his own most valuable asset.

Congressional Strategy

We must identify and seize opportunities for influencing the tenor of Congressional debate on major legislation.

What is required is **action, not reaction**. Our success with the Clean Air Act is attributable to the preemptive strike doctrine -- get out with a proposal early. This strategy provides the President with opportunities to call on Congress to stop dragging its feet, to highlight the positive elements of **our** proposal, not respond to why **theirs** isn't any good, etc.

This approach should be aggressively applied to both upcoming reauthorizations and to administration initiatives such as pollution prevention, energy efficiency, and others described here. Cabinet agencies (and EPA) should be asked to bring forward their initial proposals now for White House review.

CONCLUSION

All of the major elements of a successful and effective environmental message are in place. Over the next few months, we must organize those elements around two major themes -- **natural resource protection** and **market based pollution prevention**. Using these themes and elements to our advantage requires that (1) we recognize and focus on issues of concern and visibility, (2) adopt an assertive posture in Congressional relations -- act rather than react, and (3) seek out opportunities for communicating our message, especially to constituencies that may be "on the fence".



UNITED STATES
ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

OFFICE OF
THE ADMINISTRATOR

JUN 14 1990

Andy.

Bill is trying to set
the record straight on
Asbestos removals.

See p 3-7

Gordon Binder
Chief of Staff

(Will be sending to Governor a note on this.)

THE WHITE HOUSE

CORRESPONDENCE TRACKING WORKSHEET

INCOMING

DATE RECEIVED: MAY 17, 1990

NAME OF CORRESPONDENT: THE HONORABLE DANTE B. FASCELL

SUBJECT: EXPRESSES CONCERN REGARDING THE U.S.
 OPPOSITION TO THE UN PLAN TO PROVIDE \$100
 MILLION TO ENABLE DEVELOPING COUNTRIES TO
 REDUCE RELIANCE ON CHLOROFLOUROCARBONS

ACTION

DISPOSITION

ROUTE TO:
 OFFICE/AGENCY

(STAFF NAME)

ACT DATE TYPE C COMPLETED
 CODE YY/MM/DD RESP D YY/MM/DD

FREDERICK MCCLURE

ORG 90/05/17 fm A9010530 FC

REFERRAL NOTE:

99DOS

A 900607 FC 1 1

REFERRAL NOTE:

99CPA

I 900607 FC 1 1

REFERRAL NOTE:

99CEP

I 900607 FC 1 1

REFERRAL NOTE:

99OMB

I 900607 FC 1 1

REFERRAL NOTE:

C S SUNU

I 900607 FC

COMMENTS: Letters sent to both agencies

NS

I 900607 FC

ADDITIONAL CORRESPONDENTS: 1 MEDIA:L INDIVIDUAL CODES: 1230

MAIL USER CODES: (A) (B) (C)

 *ACTION CODES: *DISPOSITION *OUTGOING *
 * * * * *
 *A-APPROPRIATE ACTION *A-ANSWERED *TYPE RESP=INITIALS *
 *C-COMMENT/RECOM *B-NON-SPEC-REFERRAL * OF SIGNER *
 *D-DRAFT RESPONSE *C-COMPLETED * CODE = A *
 *F-FURNISH FACT SHEET *S-SUSPENDED *COMPLETED = DATE OF *
 *I-INFO COPY/NO ACT NEC * * OUTGOING *
 *R-DIRECT REPLY W/COPY * * *
 *S-FOR-SIGNATURE * * *
 *X-INTERIM REPLY * * *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
 (ROOM 75, OEOB) EXT-2590
 KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
 LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
 MANAGEMENT.

May 30, 1990

Dear Congressman Fascell:

Thank you for your recent letter to the President, cosigned by Congressman Yatron, regarding the United States' position on the creation of a \$100 million international environmental fund to help developing countries.

As the Chairman of the House Foreign Affairs Committee, your comments regarding the current negotiations to strengthen the Montreal Protocol are appreciated. Please know that your concerns and comments have been shared with several of the President's advisors for their attention and careful review.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Dante B. Fascell
House of Representatives
Washington, D.C. 20515

FDM:SLM:

bcc: w/ copy of inc to Dept. of State - for appropriate action
bcc: w/ copy of inc to EPA - FYI
bcc: w/ copy of inc to CEQ - FYI
bcc: w/ copy of inc to OMB - FYI
bcc: w/ copy of inc to Office of the Chief of Staff - FYI
bcc: w/ copy of inc to NSC - FYI

May 30, 1990

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With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable Gus Yatron
House of Representatives
Washington, D.C. 20515

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bcc: w/ copy of inc to NSC - FYI

DANTE B. FASCELL, FLORIDA,
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CHIEF OF STAFF

One Hundred First Congress

Congress of the United States

Committee on Foreign Affairs

House of Representatives

Washington, DC 20515

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JOHN R. SINCLAIR
MINORITY CHIEF OF STAFF

May 10, 1990

The Honorable George Bush
The President
The White House
Washington, D.C.

Dear President Bush:

We are writing to express our serious concern regarding the United States opposition to the United Nations plan to provide \$100 million to enable developing countries to reduce their reliance on chloroflourocarbons (CFCs).

The refusal to support such a fund appears inconsistent with the US stake in the global elimination of CFCs, and the commitment to phase out their production and use by the year 2000. Further, contribution to the fund would appear to be fully in accord with your "no-regrets policy" to assure the scientific basis for action before committing economic resources. The scientific evidence linking CFCs and ozone depletion has been clearly established, and is embodied in the Montreal Protocol to which the United States is a party.

The phase-out of CFCs will not be cost free. The question is whether we contribute now or later. The economic and environmental costs of preventive measures will be far less than remedial costs in the longer term. It is important to act prudently and in a cost effective manner. As you and Secretary Baker have both emphasized, it is important to act on those issues which are warranted on their own merits. This is one of those issues.

The proposal put forward by the United Nations Environment Program in Geneva appears thoroughly consistent with actions taken this week by the Development Committee of the World Bank. That Committee approved a proposal for the Bank to closely collaborate with UNEP and UNDP to develop a pilot mechanism for global environmental protection. The document on which that proposal is premised included a discussion of concessional financing for a CFC phase-out.

The Honorable George Bush
May 10, 1990
Page Two

We urge you to reconsider your decision not to support funding for CFC alternatives for developing nations. Please be assured that we are fully supportive of efforts to positively address the international environmental challenges confronting our globe.

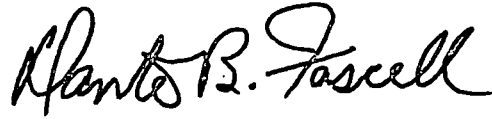
With best wishes, We are

Sincerely,



Gus Yatron
Chairman,

Subcommittee on Human Rights and
International Organizations



Dante B. Fascell
Chairman

P.C. Receipt

ID# 140027

THE WHITE HOUSE
CORRESPONDENCE TRACKING WORKSHEET

INCOMING

HE007-01

DATE RECEIVED: MAY 11, 1990

NAME OF CORRESPONDENT: THE HONORABLE JOHN H. CHAFEE

FYI

SUBJECT: EXPRESSES CONCERN REGARDING U.S. REFUSAL
TO STRENGTHEN THE MONTREAL PROTOCOL ON
SUBSTANCES THAT DEplete THE OZONE LAYER
TO CREATE AN INTERNATIONAL FUND TO AID

ACTION		DISPOSITION				
ROUTE TO: OFFICE/AGENCY	(STAFF NAME)	ACT CODE	DATE YY/MM/DD	TYPE RESP	C D	COMPLETED YY/MM/DD
FREDERICK MCCLURE		ORG	90/05/11	Fm	A	90/05/25
99DOS	REFERRAL NOTE:	A	900604			1/1
99EPA	REFERRAL NOTE:	I	900604			1/1
99CEQ	REFERRAL NOTE:	I	900604			1/1
99OMB	REFERRAL NOTE:	I	900604			1/1
CS Summary	REFERRAL NOTE:	I	900601			
NSJIT		I	900601			
COMMENTS: INCOMING RECEIVED FROM HENRY PLASTER FOR		I	900604			
99DOC TRACKING, MAY 10 90						

Letter sent to all agencies

ADDITIONAL CORRESPONDENTS: 11 MEDIA:L INDIVIDUAL CODES: 1220
MAIL USER CODES: (A) (B) (C)

*ACTION CODES: *DISPOSITION *OUTGOING *
* * * * *
*A-APPROPRIATE ACTION *A-ANSWERED *TYPE RESP=INITIALS *
*C-COMMENT/RECOM *B-NON-SPEC-REFERRAL * OF SIGNER *
*D-DRAFT RESPONSE *C-COMPLETED * CODE = A *
*F-FURNISH FACT SHEET *S-SUSPENDED *COMPLETED = DATE OF *
I-INFO COPY/NO ACT NEC * OUTGOING *
*R-DIRECT REPLY W/COPY * * *
*S-FOR-SIGNATURE * * *
*X-INTERIM REPLY * * *

REFER QUESTIONS AND ROUTING UPDATES TO CENTRAL REFERENCE
(ROOM 75, OEOB) EXT-2590
KEEP THIS WORKSHEET ATTACHED TO THE ORIGINAL INCOMING
LETTER AT ALL TIMES AND SEND COMPLETED RECORD TO RECORDS
MANAGEMENT.

May 25, 1990

Dear John:

Thank you for your recent letter to the President, cosigned by 11 of your colleagues, regarding the United States' position on the creation of a \$100 million international fund to help developing countries avoid using chlorofluorocarbons, which was announced in Geneva during negotiations on the Montreal Protocol on Substances that Deplete the Ozone Layer.

We appreciate being apprised of your concerns regarding this sensitive environmental issue and welcome your expression of support for the United States' backing of the strengthening amendments to be considered at the Ministerial Meeting in London at the end of June. Please know that your concerns have been shared with the President, and I have taken the liberty of asking several of his advisors to review your comments as well. You can be sure that your concerns will be given careful attention.

Thank you again for your interest in writing.

With best regards,

Sincerely,

Frederick D. McClure
Assistant to the President
for Legislative Affairs

The Honorable John H. Chafee
United States Senate
Washington, D.C. 20510

FDM/SLM/jfc (5FDMG)
Ozone-S.pf

bcc: w/copy of inc to Department of State - for appropriate
action
bcc: w/copy of inc to EPA - FYI
bcc: w/copy of inc to CEQ - FYI
bcc: w/copy of inc to OMB - FYI
bcc: w/copy of inc to Office of the Chief of Staff - FYI
bcc: w/copy of inc to NSC - FYI
bcc: w/copy of inc to Department of Commerce - FYI

QUENTIN N. BURDICK, NORTH DAKOTA, CHAIRMAN

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DAVID M. STRAUSS, STAFF DIRECTOR
ROBERT F. HURLEY, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

May 9, 1990

The Honorable George Bush
The White House
Washington, D.C. 20500

Dear Mr. President:

The position that was announced this morning by the United States' negotiating team in Geneva concerning proposals to strengthen the Montreal Protocol on Substances that Deplete the Ozone Layer (the Protocol) was deeply disappointing to us and we strongly believe it should be reversed immediately.

By refusing to support the creation of a new international fund that will provide additional aid to developing nations trying to comply with the Protocol, our negotiating team has isolated the U.S. and placed us in an untenable position. The proposed fund would require a modest United States' contribution of approximately \$25 million over three years. For this small amount, the United States is threatening to disrupt the negotiations to strengthen the Protocol. There has rarely been, we believe, a better example of being "penny wise and pound foolish".

The United States' position was apparently driven by the concern that an "ozone layer fund" could be used as a precedent in the coming months to justify a new, much larger fund to address the threat of global climate change. Such a concern is misplaced and must not be allowed to control decisions regarding the Protocol. If and when a "global climate change fund" is proposed, it can and should be debated on its own merits. The anticipated size of such a "climate fund" would distinguish it from the fund under discussion in Geneva today and would preclude use of the "ozone layer fund" as a precedent.

The international reaction to the United States' position in Geneva was prompt and uniform. The U.S. has been isolated in its opposition to providing modest additional funds to help developing nations protect the ozone layer. The proposed new funds offer the best chance of having all of the developing nations join the industrialized countries in a global effort to protect the ozone layer.

Notwithstanding the objections of the United States, creation of the fund is expected to be included in the amendment to strengthen the Protocol at the Ministerial Meeting in London

at the end of June. Unless the United States' position is changed, our representatives will be unable to sign the strengthening amendments and the United States will lose its position as a world leader on environmental matters. That would be an unfortunate and unnecessary embarrassment for all of us.

Again, we urge you to notify the United States' team in Geneva to correct immediately this unfortunate situation.

Sincerely,

John W. Warner 97
John W. Warner ✓

Rudy Boschwitz 9
Rudy Boschwitz ✓

Warren B. Rudman 85
Warren B. Rudman ✓

Dave Durenberger 31
Dave Durenberger ✓

Pete V. Domenici 30
Pete V. Domenici ✓

Jim Jeffords 51
James M. Jeffords ✓

John H. Chafee 17
John H. Chafee ✓

Slade Gorton 38
Slade Gorton ✓

William S. Cohen 20
William S. Cohen ✓

John Danforth 46
John Danforth ✓

John C. Danforth 24
John C. Danforth ✓

Robert W. Kasten, Jr. 54
Robert W. Kasten, Jr. ✓

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WHITE HOUSE SITUATION ROOM

AC HAS SEEN 6/25

PAGE 01 OF 04

PRT: CARD DANZANSKY

SIT: DEAL VAX

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FM AMEMBASSY LONDON

TO SECSTATE WASHDC IMMEDIATE 3518

~~CONFIDENTIAL~~ SECTION 01 OF 02 LONDON 11989

LIMDIS

FROM USDEL SMITH FOR COUNSELOR ZOELLICK, UNDERSECRETARY
MCCORMACK, AND OES/ASSISTANT SECRETARY DESIGNATE BOHLEN
PASS WHITE HOUSE FOR DANZANSKY, CARD, DEAL

PASS EPA FOR ADMINISTRATOR REILLEY

E.O. 12356: DECL: OADR

TAGS: SENV, KSCA, UNEP, UK

SUBJECT: ~~MONTREAL PROTOCOL WORKING GROUP~~ A PERSPECTIVE

- AFTER OPENING DAYS

1. AS ANTICIPATED, THE FINANCIAL MECHANISM TO BE PUT IN
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WAS UNIFORMLY WELCOMED AND APPRECIATED, THE TERMS ON
WHICH WE ARE PREPARED TO DO SO RECEIVED A MORE MIXED
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JAPAN, FRG AND U.K. HAVE INDICATED SYMPATHY FOR THE
THRUST OF OUR POSITION, ALTHOUGH THEIR SUPPORT HAS NOT
BEEN VOCAL IN WORKING GROUP SESSIONS. OTHERS, INCLUDING

DECLASSIFIED

PER DOS WAIVER, November 6, 2015

By SS NARA, Date 11/29/23

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 04

CANADA AND THE NORDICS, HAVE RAISED CONCERNS ABOUT OUR CALL FOR WEIGHTED VOTING AND A PERMANENT SEAT ON THE EXECUTIVE COMMITTEE. MEXICO, SPEAKING IN PLENARY SESSION FOR THE G-77 AND CHINA, SAID THEY REJECT OUR POSITION ON WEIGHTED VOTING AND PERMANENT MEMBERSHIP.

3. IMPORTANTLY, WE HAVE GAINED BROAD ACCEPTANCE FOR OUR POSITION ON THE SPECIAL CHARACTER OF OUR FINANCIAL ARRANGEMENTS UNDER THE PROTOCOL. IN THAT REGARD, WE HAVE OBTAINED WORKING GROUP APPROVAL FOR A PARAGRAPH IN THE AMENDMENT ON THIS SUBJECT WHICH STATES THAT THE FINANCIAL ARRANGEMENTS ARE WITHOUT PREJUDICE TO THE APPROACH THAT MAY BE TAKEN WITH RESPECT TO OTHER ENVIRONMENTAL ISSUES.

4. THE WORLD BANK REPRESENTATIVE MADE A STATEMENT INDICATING THAT THEY WOULD PROPOSE TO WORK WITH THE PARTIES PRIMARILY ON THE BASIS OF COUNTRY PLANS AND REGULAR CONSULTATIONS AND REVIEWS OF THEIR PLANS AND OPERATIONS WITH THE EXECUTIVE COMMITTEE. THEY CLEARLY SIGNALLLED THAT PRIOR REVIEW OF INDIVIDUAL PROJECTS WOULD UNACCEPTABLY HAMPER THEIR ABILITY TO CARRY OUT THIS TASK EFFECTIVELY AND EFFICIENTLY.

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DECISIONS/MODIFICATIONS IN THE FUTURE ON SIGNIFICANT MATTERS SUCH AS THE BUDGET, THE TERMS OF REFERENCE FOR THE EXECUTIVE COMMITTEE AND THE AREAS OF INCREMENTAL COSTS THAT MAY BE COVERED. I HAVE MADE CLEAR THAT ANY SUCH DECISIONS, WHICH HAVE FINANCIAL IMPLICATIONS, MUST BE BY CONSENSUS OR, AT A MINIMUM, BY A WEIGHTED SUPER MAJORITY THAT PROTECTS THE INTERESTS OF CONTRIBUTOR NATIONS. THE DEVELOPING COUNTRIES STRONGLY FAVOR A STRAIGHT TWO-THIRDS MAJORITY VOTE ON THESE QUESTIONS, WHICH WOULD PUT THEM IN THE DRIVER'S SEAT. HOWEVER, WE HAVE SUPPORT WITHIN THE DEVELOPED COUNTRY GROUP FOR OUR POSITION AND I VIEW IT AS AN ISSUE ON WHICH WE CAN NOT

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WHITE HOUSE SITUATION ROOM

PAGE 03 OF 04

GIVE GROUND.

6. ON THE ISSUE OF TECHNOLOGY TRANSFER, THE DEVELOPING COUNTRIES REMAIN DUG IN AT THIS JUNCTURE ON THEIR INSISTENCE THAT THERE BE A REFERENCE TO SUCH TRANSFER BEING ON A PREFERENTIAL AND/OR NON-COMMERCIAL BASIS. ANY SUCH REFERENCE WOULD BE ENTIRELY UNACCEPTABLE. THE SAME APPLIES TO THEIR CONTINUING CALL FOR THEIR RESPONSIBILITIES UNDER THE PROTOCOL BEING "SUBJECT TO" THE AVAILABILITY OF TECHNOLOGY AND FINANCIAL ASSISTANCE. CONCLUSION AND ASSESSMENT

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~~CONFIDENTIAL~~ SECTION 02 OF 02 LONDON 11989
LIMDIS

FROM USDEL SMITH FOR COUNSELOR ZOELICK, UNDERSECRETARY MCCORMACK, AND OES/ASSISTANT SECRETARY DESIGNATE BOHLEN
PASS WHITE HOUSE FOR DANZANSKY, CARD, DEAL
PASS EPA FOR ADMINISTRATOR REILLEY

E.O. 12356: DECL: OADR

TAGS: SENV, KSCA, UNEP, UK

SUBJECT: MONTREAL PROTOCOL WORKING GROUP: A PERSPECTIVE
- AFTER OPENING DAYS

I AM HOPEFUL THAT IN THE END THEY WILL BE RESOLVED SATISFACTORILY. ON SOME OTHER ISSUES, HOWEVER, WE MAY WELL HAVE TO REASSESS OUR POSITION. FOR EXAMPLE, WHILE I HAVE BEEN ASSURED BY DEVELOPED AND DEVELOPING COUNTRIES ALIKE, AS WELL AS BY UNEP EXECUTIVE DIRECTOR

IMMEDIATE

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WHITE HOUSE SITUATION ROOM

PAGE 04 OF 04

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WHITE HOUSE SITUATION ROOM

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PAGE 01 OF 04

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DECLASSIFIED
PER DOS WAIVER, November 6, 2015
By SS NARA, Date 11/21/03

IMMEDIATE

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 04

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PAGE 02 OF 04

CANADA AND THE NORDICS, HAVE RAISED CONCERNS ABOUT OUR CALL FOR WEIGHTED VOTING AND A PERMANENT SEAT ON THE EXECUTIVE COMMITTEE. MEXICO, SPEAKING IN PLENARY SESSION FOR THE G-77 AND CHINA, SAID THEY REJECT OUR POSITION ON WEIGHTED VOTING AND PERMANENT MEMBERSHIP.

3. IMPORTANTLY, WE HAVE GAINED BROAD ACCEPTANCE FOR OUR POSITION ON THE SPECIAL CHARACTER OF OUR FINANCIAL ARRANGEMENTS UNDER THE PROTOCOL. IN THAT REGARD, WE HAVE OBTAINED WORKING GROUP APPROVAL FOR A PARAGRAPH IN THE AMENDMENT ON THIS SUBJECT WHICH STATES THAT THE FINANCIAL ARRANGEMENTS ARE WITHOUT PREJUDICE TO THE APPROACH THAT MAY BE TAKEN WITH RESPECT TO OTHER ENVIRONMENTAL ISSUES.

4. THE WORLD BANK REPRESENTATIVE MADE A STATEMENT INDICATING THAT THEY WOULD PROPOSE TO WORK WITH THE PARTIES PRIMARILY ON THE BASIS OF COUNTRY PLANS AND REGULAR CONSULTATIONS AND REVIEWS OF THEIR PLANS AND OPERATIONS WITH THE EXECUTIVE COMMITTEE. THEY CLEARLY SIGNALLED THAT PRIOR REVIEW OF INDIVIDUAL PROJECTS WOULD UNACCEPTABLY HAMPER THEIR ABILITY TO CARRY OUT THIS TASK EFFECTIVELY AND EFFICIENTLY.

5. ANOTHER IMPORTANT AREA THAT HAS BEEN ADDRESSED EXTENSIVELY RELATES TO HOW THE PARTIES WILL MAKE ANY

DECISIONS/MODIFICATIONS IN THE FUTURE ON SIGNIFICANT MATTERS SUCH AS THE BUDGET, THE TERMS OF REFERENCE FOR THE EXECUTIVE COMMITTEE AND THE AREAS OF INCREMENTAL COSTS THAT MAY BE COVERED. I HAVE MADE CLEAR THAT ANY SUCH DECISIONS, WHICH HAVE FINANCIAL IMPLICATIONS, MUST BE BY CONSENSUS OR, AT A MINIMUM, BY A WEIGHTED SUPER MAJORITY THAT PROTECTS THE INTERESTS OF CONTRIBUTOR NATIONS. THE DEVELOPING COUNTRIES STRONGLY FAVOR A STRAIGHT TWO-THIRDS MAJORITY VOTE ON THESE QUESTIONS, WHICH WOULD PUT THEM IN THE DRIVER'S SEAT. HOWEVER, WE HAVE SUPPORT WITHIN THE DEVELOPED COUNTRY GROUP FOR OUR POSITION AND I VIEW IT AS AN ISSUE ON WHICH WE CAN NOT

IMMEDIATE

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WHITE HOUSE SITUATION ROOM

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GIVE GROUND.

6. ON THE ISSUE OF TECHNOLOGY TRANSFER, THE DEVELOPING COUNTRIES REMAIN DUG IN AT THIS JUNCTURE ON THEIR INSISTENCE THAT THERE BE A REFERENCE TO SUCH TRANSFER BEING ON A PREFERENTIAL AND/OR NON-COMMERCIAL BASIS. ANY SUCH REFERENCE WOULD BE ENTIRELY UNACCEPTABLE. THE SAME APPLIES TO THEIR CONTINUING CALL FOR THEIR RESPONSIBILITIES UNDER THE PROTOCOL BEING "SUBJECT TO" THE AVAILABILITY OF TECHNOLOGY AND FINANCIAL ASSISTANCE. CONCLUSION AND ASSESSMENT

7. DESPITE THE BROAD AND STRONG INTEREST IN THE SUCCESSFUL CONCLUSION OF THIS MEETING, THERE REMAIN SOME VERY DIFFICULT OBSTACLES TO OVERCOME BEFORE REACHING THAT RESULT. ON CERTAIN KEY ISSUES, SUCH AS INCLUSION OF THE CONSENSUS PRINCIPLE ON MAJOR DECISIONS AND THE EXCLUSION OF UNACCEPTABLE REFERENCES TO TECHNOLOGY TRANSFER, WE HAVE NO CHOICE BUT TO HOLD OUR GROUND, AND

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LIMDIS

FROM USDEL SMITH FOR COUNSELOR ZOELICK, UNDERSECRETARY MCCORMACK, AND OES/ASSISTANT SECRETARY DESIGNATE BOHLEN
PASS WHITE HOUSE FOR DANZANSKY, CARD, DEAL
PASS EPA FOR ADMINISTRATOR REILLEY

E.O. 12356: DECL: OADR

TAGS: SENV, KSCA, UNEP, UK

SUBJECT: MONTREAL PROTOCOL WORKING GROUP: A PERSPECTIVE
- AFTER OPENING DAYS

I AM HOPEFUL THAT IN THE END THEY WILL BE RESOLVED SATISFACTORILY. ON SOME OTHER ISSUES, HOWEVER, WE MAY WELL HAVE TO REASSESS OUR POSITION. FOR EXAMPLE, WHILE I HAVE BEEN ASSURED BY DEVELOPED AND DEVELOPING COUNTRIES ALIKE, AS WELL AS BY UNEP EXECUTIVE DIRECTOR

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WHITE HOUSE SITUATION ROOM

PAGE 04 OF 04

TOLBA. THAT IT IS INCONCEIVABLE THAT WE WOULD NOT ALWAYS BE ON THE EXECUTIVE COMMITTEE, IT MAY WELL BE POLITICALLY IMPOSSIBLE FOR THE OTHER PARTIES TO GIVE US A FORMAL GUARANTEE THAT THIS WILL ALWAYS BE THE CASE --- BEYOND OUR CERTAIN INITIAL SELECTION AS A MEMBER OF THE COMMITTEE. WE MUST IN ANY CASE ASSURE THAT SOME PORTION OF THE CONTRIBUTOR COUNTRIES CAN BE RE-ELECTED INDEFINITELY. FURTHER, WEIGHTED VOTING BY CONTRIBUTIONS IS PROBABLY NOT DIRECTLY ACHIEVABLE, BUT WE COULD ALMOST SURELY ACCOMPLISH THE SUBSTANCE OF WHAT WE WANT BY OTHER APPROACHES, E.G., A REQUIREMENT THAT THERE BE A MAJORITY OF BOTH ARTICLE 5 AND NON-ARTICLE 5 COUNTRIES TO MAKE

DECISIONS WITHIN THE EXECUTIVE COMMITTEE. FINALLY, WE WILL NEED TO RECONSIDER OUR CALL FOR PRIOR PROJECT-BY-PROJECT REVIEW BY THE EXECUTIVE COMMITTEE OF EVERY SIGNIFICANT OUTLAY IF THE WORLD BANK IS TO PLAY THE ROLE WE HAVE IN MIND FOR IT.

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CONDITIONS UNDER WHICH THE U.S. WILL ACCEPT
MONTREAL PROTOCOL AMENDMENT PACKAGE
(INCLUDING PROVISIONS FOR FINANCING TO LDCS)

The following outlines the conditions under which the U.S. will agree to a financial mechanism for assistance to less developed countries (LDCs) under the Montreal Protocol on Substances that Deplete the Ozone Layer, allowing us to agree to the proposed amendments and adjustments to the Protocol at the upcoming meeting in London.

Tab A is illustrative language that could be proposed by U.S. negotiators to embody the conditions outlined below. It is based on the May 10 proposal of the chairman of the working group of parties to the Protocol regarding the financial mechanism. (It should be noted that this will not necessarily be the base document from which language embodying the financing mechanism will be negotiated.) References to paragraphs of the proposal accompany the discussion of the conditions below.

Uses of Fund

- o The fund must be used only to assist LDCs with incremental costs associated with adjustments made necessary by the Protocol and related exclusively to that purpose.

Precedential Nature of Fund

- o The limited and unique nature of the fund must be explicitly confirmed, implicitly showing that the U.S. action has no precedential value. It must be clearly delineated that the fund is prudent only because:
 - (1) there is a scientifically documented connection between the substances being controlled by the Protocol and ozone depletion;
 - (2) the fund and the actions being financed through it can reasonably be expected to address the problem of ozone depletion; and
 - (3) the amount of funds needed is limited 1/ and reasonably predictable.

1/ Current projections are for a \$100 million fund over a three-year period. The amendment package stipulates that this assistance be "additional" to other financial flows to LDCs. U.S. policy would be that these funds are not "additional" in the budget, as they would be offset by savings in other EPA accounts.

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By SS NARA, Date 11/21/23

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Administration of Fund

- o The fund must be operated and administered by the World Bank.
- o Administration will be accomplished through a contract between the parties to the Protocol and the Bank. The parties will control the fund's operation and the Bank will receive a fee for its services.
- o Direct oversight must be vested in an executive committee established by the parties, which may be structured like the board of directors of the World Bank or the IMF. The committee:
 - (1) must be limited in size and be balanced, with adequate representation from donor countries; and
 - (2) must contain a guaranteed seat for the U.S.

Assessments

- o Assessments will be based on either:
 - (1) The World Bank assessment scale which, based on a \$100 million fund over three years, will require a total U.S. contribution of approximately \$19 million; or
 - (2) The United Nations assessment scale which, based on a \$100 million fund over three years, will require a total U.S. contribution of approximately \$25 million.

Control of Fund

- o All significant policy guidelines, operational policies and administrative arrangements must be approved by the executive committee. Projects of \$100,000 or more must also be approved by the committee (the most expensive project to date has cost \$450,000 and a majority of projects are anticipated to cost in the \$25,000 range.)

Voting Rights

- o Executive committee decisions require a supermajority (e.g., two-thirds), with voting on a weighted basis tied to contributions.
- o It is imperative that the U.S., either alone or with the other donor countries, have an effective, if not technically absolute, veto.

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The Administrator
Washington, D.C. 20460

June 14, 1990

John,

I thought you would like
to see some of the recent
actions I've taken on asbestos
and the schools. They're
designed to help the bishops.
They're set out in the attached.

Bill



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

THE ADMINISTRATOR

**ASBESTOS, SOUND SCIENCE, AND PUBLIC PERCEPTIONS:
WHY WE NEED A NEW APPROACH TO RISK**

Address by

William K. Reilly

Administrator

U.S. Environmental Protection Agency

**AMERICAN ENTERPRISE INSTITUTE
ENVIRONMENTAL POLICY CONFERENCE**

**The Vista Hotel
Washington, DC**

June 12, 1990

Thank you, Chris (DeMuth), for that kind introduction; I also want to thank you and the American Enterprise Institute for sponsoring this very timely conference on business and the environment.

Business always has had, always will have, a crucial role in environmental protection; and that role is probably more in the spotlight now than at any time in the past. At the same time, it's clear that the impact of environmental protection efforts on the economy as a whole, and on the operating expenses of individual businesses, is growing -- and it's growing rapidly.

Consequently all of us have a common interest in finding the most effective, most efficient means of ensuring the environmental integrity of our nation and our planet. And I want to encourage you, both during this conference and after you've had some time to reflect on your discussions here, to come up with some suggestions for innovative new ways to engage the marketplace in environmental protection.

Now in saying that, I'm aware that there are some significant barriers to overcome before we can expect the widespread adoption of environmentally-oriented business and agricultural practices. I recognize, for example, that efforts to develop and implement cleaner industrial processes and environmentally friendly products is risky...it is time-consuming...and it's expensive. It demands the active participation and support of the public sector as well as the commitment and good-faith efforts of the private sector.

Not long after my appointment was announced, I had occasion to make the customary rounds of the members of the Senate Environment and Public Works Committee, to whom it would fall to consider my nomination.

One of my most memorable visits was with Senator Moynihan; as Chris DeMuth can tell you, conversations with Senator Moynihan are always memorable.

He sat me in a very nice Windsor chair, about which he said, "This is a Republican chair...this is appropriate, I think, for the new EPA Administrator to sit in."

Then he perched his little half reading glasses back on his nose, and he fixed these two fingers, picador-like, on me...

And looking down his nose, he said, "Above all...above all...do not allow your agency to become transported by middle-class enthusiasms!"

Well, I assured him that wouldn't happen; and later I came to a conclusion about what he meant. What he meant, I decided, was, "Respect sound science; don't be swayed by the passions of the moment."

I take it that all of us at this conference are dedicated to avoiding being transported by temporary enthusiasms; I most of all.

I am, I was, I will be. In the end, sound science is our most reliable anchor in a turbulent sea of environmental policy and regulation. It can help a very hard-pressed agency, the focal point of enormous public expectations, to administer eight ambitious statutes with highly constrained resources; to try to fulfill, on a virtually level operating budget, all the obligations layered upon us over the years by the Congress - acting, ultimately, on behalf of the American people. Sound science can help us set priorities based on risk, to the extent that we are able to do so within the scope of our statutory mandates.

Indeed, the rigorous analysis of risk is fundamental to all of EPA's regulatory programs. Without some way of determining relative levels of risk, we would quickly become mired in a regulatory swamp, wherein all problems were equally important; all risks would have to be addressed with equal urgency; and accordingly, nothing would get done.

Unfortunately, as Senator Moynihan and many others have noticed, we are much closer to that kind of regulatory swamp than any of us would like.

Too often our priorities are set, not by our best judgement about relative levels of risk, but by public opinion...opinion only partially informed by our efforts to build a dependable decision-making framework on a foundation of sound science.

The perceptions and priorities of the general public are not always well aligned with what you and I might think of as "real" risks to public health and the environment. And when decision-making comes down to a choice between the judgement of professional scientists and government officials on the one hand, and the will of the people on the other, it's no contest: the people win.

Now, that is as it should be; in our democratic system, government is, and should be, sensitive to the concerns of the public.

But it is also true that legislators and regulators alike -- not to mention the judicial system -- can become absorbed in responding to public perceptions that are driven by the dramatic, the sensational, and the well-publicized. And the price we pay for this responsiveness can be a diminished ability to deal effectively with less obvious, but perhaps more significant, public health and environmental problems.

It is here, in the public arena where "real" risks and public perceptions collide, that the regulatory process can slow to a crawl; where decisions, once finally made, are challenged, delayed and even overturned; where consistency and predictability go out the window, costs grow exponentially -- and the commercialization of new products and technologies is stymied.

✱ An excellent example of a clash between real risks and public perceptions is the current controversy over asbestos in the nation's schools and public buildings.

As a conservationist and as a lawyer, I have a good deal of experience with what has been called "the law of unintended consequences."

Our experience with asbestos is a good illustration of that law in action, in two very different ways:

First, in terms of the unanticipated adverse health effects caused by a substance that was regarded, earlier this century, as a miracle fiber, widely used in construction and many other applications;

And second, in terms of how the public, and the marketplace, have responded to the government's efforts to deal with those health effects.

Several decades ago, scientists discovered that exposure to high levels of asbestos among shipyard and other workers had caused a variety of serious, sometimes fatal, diseases, including asbestosis, mesothelioma, and lung cancer. In response, both EPA and the U.S. Occupational Safety and Health Administration (OSHA), through the 1970s and 1980s, established and then tightened regulations to limit exposure to the public at large, and to asbestos workers in particular.

In addition, Congress passed special legislation in the mid-1980s establishing a comprehensive asbestos inspection and control program for the nation's primary and secondary schools -- a program aimed at protecting children and school maintenance and custodial workers from exposure to airborne asbestos fibers.

Most recently, the unusually compelling medical evidence on asbestos led to my decision last year to phase out virtually all remaining uses of asbestos in consumer products, in order to prevent the introduction of additional asbestos into the environment.

Now at this point, one might have thought the basic regulatory structure and the necessary public understanding were in place to bring the asbestos problem under control.

No such luck; in recent months the "law of unintended consequences" has reappeared to haunt the asbestos program.

Based on recent meetings I have held with school officials -- including a delegation representing the U.S. Catholic Conference -- on discussions with members of Congress, and on a recent spate of inaccurate and sometimes tendentious articles and columns in the news media, it's clear to me that a considerable gap has opened up between what EPA has been trying to say about asbestos, and what the public has been hearing.

EPA has been trying, especially in the last few years, to emphasize the importance of managing asbestos "in place" whenever possible. We've stressed that approach because the unnecessary removal of asbestos-containing materials may actually pose a greater health risk than simply leaving them alone -- so long as the materials are undisturbed and unlikely to be disturbed.

As is true with any hazardous substance, the mere presence of asbestos poses no risk to human health; only when asbestos fibers are released into the air and breathed into the lungs do they become a health risk.

However, many school officials and commercial building owners, apparently responding to pressure from citizens, contractors or mortgage bankers, have opted to remove the asbestos from their buildings, even if there are no health-related reasons for doing so.

Just last month, for example, the Chicago Tribune reported that a school district in Downers Grove, Illinois, a Chicago suburb, had won voter approval of a \$1.1 million bond sale for safety improvements in its two high schools -- including what was described as an expensive asbestos removal program.

The newspaper quoted one school official as saying the asbestos program was so expensive because the asbestos is buried deeply within the school's walls. This official was quoted as saying that removal contractors will "have to rip the walls apart, take the asbestos off the pipes in the pipe chases and seal up the walls again."

Now, I am not familiar with all the facts in this case -- our regional office in Chicago is looking into it -- but it appears on the face of it that this is an extreme overreaction to the mere presence of asbestos.

Based on the newspaper's description, the situation does not appear to pose a hazard from a health standpoint; yet this school district may be getting ready to spend a great deal of money on an unnecessary asbestos removal.

Even more disturbing is the fact that an asbestos situation that may have posed virtually no risk at all could, if this removal is not properly conducted, turn into a fairly significant health risk.

Furthermore, schools are not the only buildings where unnecessary asbestos removals are being carried out; we've learned that a number of commercial building owners also have undertaken expensive, and from a health standpoint probably unnecessary, removals, primarily for financial reasons.

In some cases, it appears that mortgage bankers are requiring that asbestos be removed before approving loans secured by the property, because they're worried about property devaluation. In other cases, building owners are concerned about the expense of liability insurance or the cost of legal claims if an occupant of the building develops an asbestos-related disease.

Just consider the irony in this situation: the market, so often accused in the past of undervaluing externalities like pollution and resource depletion to the detriment of the environment, is now helping to foster an expensive overreaction to an environmental problem to the detriment of businessmen.

The market, however, is not solely responsible for this situation; nor are the school officials who go beyond what the government requires. The government, and EPA specifically, must also accept a share of the responsibility for the misperceptions that have led to unwarranted anxiety and unnecessary asbestos removals.

The asbestos issue shows us that even when we try to communicate clearly about environmental hazards, misperceptions and overreactions can still occur. And it underscores the fact that environmental risk assessment is anything but an exact science; it must cope with a great deal of uncertainty.

With asbestos as with most hazardous substances, we rarely have enough information, or information of sufficient quality, to make unequivocal, unambiguous decisions about risk. Most of our conclusions about human health risks are based on debatable assumptions and projections, which may or may not accurately predict human health effects.

But while we often don't have all the scientific data we would prefer, we also don't have the luxury of waiting for it to come in before we take action. Based on what we do know, we must, and will, take a cautious, protective approach until we get better data, and until we learn more about the effects of toxic substances on human cells and ecosystems and the mechanisms by which diseases are caused.

Now, this prudent approach, with all its uncertainties, can lead to a number of problems in terms of public perceptions.

If we perform a risk assessment on a substance like asbestos and declare it, based on the best information available to us at the time, a carcinogen, or even a potential carcinogen, we should hardly be surprised if the public's immediate reaction is: "Keep this stuff away from me and my children!"

If government is going to sound the alarm about potential threats to public health and safety -- and we certainly have an obligation to do so -- we must also state clearly just what these threats are, and how best to deal with them.

And when inappropriate public reaction does occur, we have a responsibility to step up promptly and explain exactly what we know -- and don't know -- so the public can make an informed judgement of the situation.

At EPA, we are constantly updating our risk assessments as scientific knowledge advances; we are insisting that these assessments be subjected to rigorous internal and external peer review; and we are looking for ways to achieve greater consistency in our use of risk assessments across the range of EPA decision-making.

As the science evolves, we have an additional obligation to share this new information with the public. The public has a right to know which risks are regarded as serious by the government, and which are not. And government also has a duty to alleviate public confusion by speaking with one voice on questions of risk whenever possible.

With specific respect to asbestos, EPA is taking a number of steps to clarify the degree of risk posed by asbestos, and also to reinforce our guidance on appropriate response strategies.

We're conducting major research on the extent of asbestos exposure in buildings under the auspices of the Health Effects Institute - Asbestos Research in Boston. The Institute is also reviewing all the relevant literature on the controversial subject of possible differential health effects associated with the various types of asbestos.

We're conducting a thorough evaluation of the asbestos-in-schools program, to determine how effective it has been for schools and what aspects of it, if any, may be appropriate for public and commercial buildings. And I might note here that, contrary to several of the recent press reports, EPA specifically recommended two years ago that Congress not expand the asbestos-in-schools program to other buildings until further study could be done on the need for such a program.

The asbestos-in-schools review will look at whether inspections are being done properly; it will assess the quality of the management plans prepared for the schools; and it will evaluate the training of school personnel and the effectiveness of the schools' response actions.

We recently completed a year-long policy dialogue with representatives of all the interests affected by asbestos in public and commercial buildings -- real estate groups, lenders and insurers, trade unions, asbestos contractors and consultants, a public health group, and government agencies.

And next month we will publish a guide for building owners entitled Managing Asbestos in Place; developed with the help of several affected groups, the guide puts asbestos risk in perspective and provides practical guidance on managing asbestos materials in buildings.

This document, like the other guidance EPA previously has published, strongly recommends in-place management when asbestos is discovered. A well-run in-place management program often can reduce the risk of developing an asbestos-related disease to a negligible level, and may be cheaper than complete removal.

This is, in fact, the key message that needs to be conveyed with respect to asbestos; and since it apparently has not reached large segments of the public, I am today commissioning a major management review of our asbestos communications effort -- including a look at the guidance being given to school districts by contractors and management planners.

This review will be conducted by Lew Crampton, EPA's assistant administrator for communications and public affairs, who led my 90-day study of the Superfund program last year.

Unfortunately, as I indicated earlier, the asbestos case is hardly an isolated instance of miscommunication and misunderstanding.

Given these communication problems -- these clashes between sound science and public perceptions -- what can we in government do to foster public trust in science-based regulation, while continuing to serve the public's interest?

Let me take a few minutes to share some thoughts on that question, based on my time in office so far:

First, it's clear that we must do a better job of educating and informing the public about our regulatory decision-making process, and involving the public in that process.

To be fully effective, the Federal agencies charged with protecting public health and safety must be able to communicate constructively to an informed public -- a public that trusts the processes and the people involved in making risk-related decisions.

As Henry Ward Beecher observed, "Anxiety in human life is what squeaking and grinding are in machinery that is not oiled. In life, trust is the oil."

To win that trust, we must do a better job of explaining the legal mandates under which we operate; how the regulatory process works; and how we factor risk-benefit tradeoffs and other considerations into our decisions.

We must listen carefully and respond to the public's concerns; and the public for its part needs to understand that EPA must and will continue to rely on a rational, science-based process for determining when to take risk management actions.

And while our environmental decisions must never become popularity contests, it is entirely appropriate, even necessary, to bring the public into the debates on which our decisions turn.

Second, instead of seeing the environment in individual segments, we need to see it as a whole -- as, in fact, it really is.

Much misunderstanding and mistrust results, I think, from the fact that the public tends to lump problems together, while government, with its patchwork of media- and pollutant-specific legislation and regulatory programs, and the large number of Congressional committees and subcommittees concerned about the environment, tends to separate them into discreet packets.

While EPA tries, for example, to determine what level of a particular chemical in food, in the air or in drinking water might pose unreasonable health risks, citizens look at the entire spectrum of chemicals to which they are exposed in daily life -- in the home, on the job, and in between -- and worry about cumulative effects as well as effects from multiple sources of exposure.

Frankly, I think the public has the right idea.

EPA, and government in general, need to take a broader, more integrated view of the full costs and benefits of environmental action or inaction.

We must find ways to compare environmental risks across programs, and to concentrate on those areas where we can realize the greatest benefits for human health and the integrity of natural systems.

And we must continue to broaden the factors we explicitly consider in making risk management decisions to reflect legitimate cultural and ethical values and concerns, as well as the inherent uncertainties of risk assessment.

Third, we need to scale what we might call the Twin Peaks of environmental policy for the 1990s: risk reduction and pollution prevention.

Risk reduction and pollution prevention must become the watchwords for all of our environmental protection programs.

I believe it is unrealistic to expect that we can ever achieve consensus on what constitutes an "acceptable" level of risk. There are too many unknowns, too many competing social values and policy agendas, too many trade-offs between various kinds of costs and benefits. The search for the Holy Grail of risk management -- the so-called "bright line" that would let policy-makers determine, under any and all circumstances, whether a particular level of risk is "acceptable" or not -- seems doomed to failure.

In my view, a much more effective approach to risk assessment is for us to identify the most significant, most troublesome kinds of risk, through a strategic planning process based on relative risk; and then work to protect human health and the environment by focusing our resources and efforts on the most important risks first.

How do we accomplish risk reduction? One of the most important ways is to emphasize pollution prevention: to look at risk management options that eliminate the source of the risk.

Not only is this approach more effective and more consistent with market incentives than traditional end-of-pipe treatment and control, but it also avoids much of the expense and frustration that is inherent in managing, treating, or shunting wastes off to other environmental media.

For example, in the case of two particularly troublesome substances -- lead and dioxin -- EPA has set up multi-program task forces that are looking for ways to reduce overall exposures to these substances from all sources.

Recently we announced an action plan to require reductions in the amount of dioxin discharged into streams, spread on land in sludge, and incorporated into paper products, even though we are still a long way from scientific agreement on the degree of risk posed by the presence of trace levels of dioxin in water and food.

The focus of the plan is on reducing the formation of dioxin, not on removing it after the fact. We plan to announce a similar plan for lead soon.

Let me conclude with another word or two about the economic impact of environmental protection.

This Administration is serious about the protection of public health and the environment. But at a time of severe resource constraints, it also behooves us to be serious about the costs of environmental programs.

The intimate relationship between the economy and the environment is a profound reality of modern life. Right now the nation spends more than \$80 billion a year on environmental programs, mostly private money. Our capital and operating expenditures on pollution control and cleanup, as a percentage of our gross domestic product, are higher than most, if not all, of the other western industrial nations -- in the range of 1.5 to 1.7 percent.

And according to a forthcoming EPA report, that expenditure could double -- to around 3 percent of GNP -- in the 1990s as the revised Clean Air Act takes effect and the multi-billion-dollar cleanups of hazardous waste sites and government nuclear facilities move forward.

What we are trying to do in the Bush Administration -- and the President's package of proposed Clean Air Act amendments is only the first example -- is to begin the search for a more coherent, more integrated way of looking at the trade-offs between continued economic growth and environmental improvement.

That's why the Administration has been so careful to analyze the cost of every measure in our clean air bill. The President's clean air proposals will put the United States on the path toward dramatically cleaner air by the end of the century; and equally important, by allowing flexibility and incorporating market incentives, the President's bill will achieve the pollution reductions we need in the most cost-effective way possible.

It will thus bring about environmental improvements without unnecessarily impeding economic growth over the long term.

I noted at the beginning of this talk that our decisions must be based on sound science. This is true whether we're talking about traditional risk assessment and "end-of-pipe" pollution control, or new approaches based on risk reduction and pollution prevention.

We must continue to improve our ability to assess and characterize risk; but the surest path to protecting human health and the environment, and to gaining the public's trust, lies in our ability to point to a steadily decreasing volume of and exposure to hazardous substances in the environment.

We know from experience that pollution prevention works, it can save money, and it can save lives. It means setting in place laws and policies, such as the creative market incentives in the President's proposed Clean Air Act amendments, that unleash American ingenuity to solve problems in new ways.

This approach will require us to change some fundamental precepts; it will ask that we think more carefully about the consequences of our actions on future generations; it will require those of us in the Federal sector to work together as never before, both to achieve a consistent approach to risk and to communicate a consistent message to the public; and it will demand creativity and commitment from all of us -- from government, from business, from the environmental community.

I am profoundly conscious of the many unmet environmental needs we face, and of the unprecedented impatience and high expectations of the American people. We will not meet these needs and expectations unless we work together.

Our challenge is to chart a prudent course through an increasingly passionate time; to demand good science in the face of "middle-class enthusiasms"; to set priorities based more explicitly on the opportunities to reduce risks; to take protective actions when necessary, even if we don't have all the data we would like; and above all, to get real and lasting results.

Results that will help foster the public trust that is the foundation of our democratic government; results that will produce a sounder, more consistent, and more successful program for protecting and enhancing the quality of our environment and the health of our citizens.

I invite you to join us in this effort. Thank you.



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

PLEASE NOTE NEW FAX NUMBER
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Fax # (202) 755-0653
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No. of Pages to follow: 3

*John, this is the stuff
they've given me. Dick.*

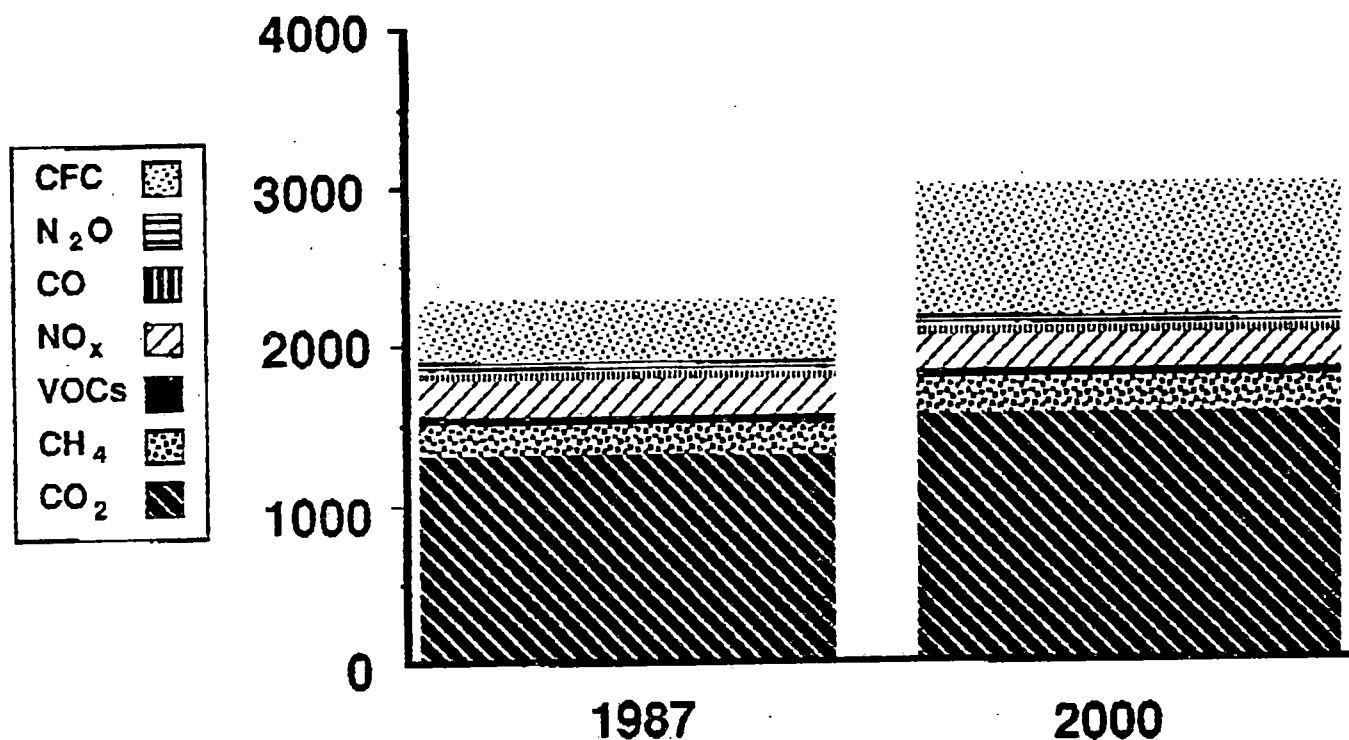
CURRENT EMISSIONS REDUCTIONS TRENDS BOLSTERED BY BUSH ADMINISTRATION INITIATIVES

<u>CURRENT COMMITMENTS</u>	<u>MILLIONS OF TONNES REDUCED (Carbon Equivalents) 2000</u>
o TREE INITIATIVE (1 Billion Trees per Year)	9
o DOE INITIATIVES (Efficient Lighting, Building Standards, LCUP, Energy Audits, Expanded Hydro)	34
o DOE APPLIANCE STANDARDS (Refrigerator/Freezer, Washer, Dryer, Dishwasher)	4
o CLEAN AIR ACT	62
o LANDFILL REGULATION	44
o CFC PHASEOUT & MONTREAL PROTOCOL	<u>551</u>
	702

Emissions

(Without Current Commitments)

Carbon Equivalents – Millions of Tonnes



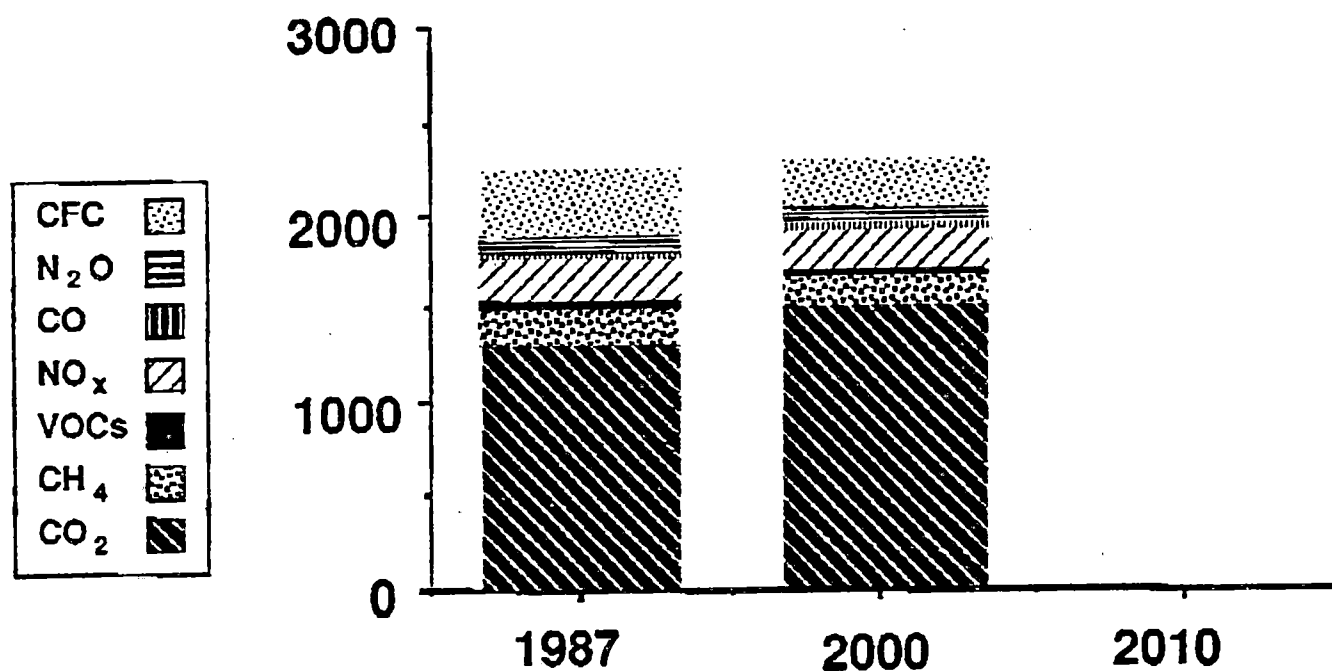
	1987	2000
CO ₂	1310	1565
CH ₄	234	252
VOCs	52	52
NO _x	218	218
CO	52	52
N ₂ O	74	74
CFC	367	807
Total	2308	3020

NOTE: ASSUMES 100 YEAR GWP FACTOR FROM IPCC

Emissions

(With Current Commitments)

Carbon Equivalents – Millions of Tonnes



	1987	2000	2010
CO ₂	1310	1502	
CH ₄	234	208	
VOCs	52	35	
NO _x	218	199	
CO	52	45	
N ₂ O	74	74	
CFC	367	256	
Total	2308	2318	In Progress

NOTE: ASSUMES 100 YEAR GWP FACTOR FROM IPCC

THE WHITE HOUSE

WASHINGTON

June 22, 1990

MEMORANDUM FOR GOVERNOR SUNUNU

FROM: ROGER B. PORTER *RBP*

SUBJECT: National Governors' Association Task
Force on Global Climate Change

Governors James Thompson (R-Illinois), Madeleine Kunin (D-Vermont), Buddy Roemer (D-Louisiana) and Terry Branstad (R-Iowa) will meet with the President Monday morning to present the final report of the National Governors' Association Task Force on Global Climate Change. This memorandum summarizes the recommendations of the report.

The report calls for a serious response to global climate change.

The Governors' report calls for a serious response to potential global climate change while acknowledging "considerable uncertainty about the rate, magnitude, and effects of global climate change" and possible "substantial" costs of prevention which could have "serious effects on the economic well-being of the nation." The report states, "scientific uncertainty and the difficulty in accurately predicting climate change are compounded by the existing natural variability of meteorological and biological systems." Furthermore, it adds, "the social and economic costs of the measures that might reduce the threat are not yet well understood, and a comprehensive assessment of the available options has only recently begun. Mitigation and adaptation to climate change is an issue that can be effectively addressed only with the cooperation of all nations."

The U.S. is urged to make specific emission reduction commitments.

The report differs with current Administration policy in asserting that the U.S. should lead negotiations on an international framework convention that would result in specific commitments from all nations on greenhouse gas reductions, energy efficiency and population growth. The report also claims that the federal government bears a special responsibility to assist states or industries that may be adversely affected by economic transition in response to global climate change.

Some report recommendations reflect Administration policy.

Some of the reports' recommendations reflect Administration policy. They include: Promotion of cost-effective energy conservation and efficiency measures; support for the phase-out of chlorofluorocarbons; support for the development of alternative energy sources, including safe nuclear power; encouragement of tree planting; and the funding of a comprehensive research program about the scientific and economic implications of potential global climate change.

Policy Recommendations.

1. **Develop an international agreement to protect the atmosphere.** The report calls for specific commitments from all nations on greenhouse gas emissions, energy efficiency and population growth.
2. **Utilize Cost-Effective Energy Conservation and Efficiency Measures to Stabilize U.S. Emissions of Carbon Dioxide.** The report proposes the local reform of electric utility regulation through the application of least cost planning and rate design reforms. The report also calls for improved energy efficiency standards for buildings, appliances, transportation (including an increase in the corporate average fuel economy standard) and state programs. Additionally, the governors endorse increased emphasis on telecommuting and ride sharing initiatives.
3. **Stop production of and recycle chlorofluorocarbons, and cost-effective strategies to stabilize or reduce other greenhouse gases.** The report calls for stabilization of U.S. emissions of methane, nitrous oxide, ozone, and other greenhouse gases and encourages methane recovery from waste and the production of more efficient and environmentally sensitive fertilizers.
4. **Develop and commercialize alternative energy systems, including clean fossil, renewable energy sources, and safe nuclear power.** Among the energy sources favored in the report were hydropower, clean coal, solar, wind and geothermal.
5. **Implement forestry programs to reduce the effects of global climate change.**
6. **Plan and act now to adapt to climate change.** The report calls for increased attention to water resource planning, the strengthening of coastal zone management programs, additional funding for climate research related to agriculture and forestry.

7. Pursue an aggressive research program to reduce key uncertainties about global climate change.

Finally, the report calls on the federal government to assist states or industries that may be adversely affected by a move to a less energy-and carbon-intensive economy: "The federal government must plan for and provide a transition so that our national goals do not become unreasonable limitations on the growth and development of particular states or industries."

ROUTINE

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WHITE HOUSE SITUATION ROOM

PAGE 01 OF 03

PRT: CARD DANZANSKY

SIT: BENKO DEAL VAX

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FM AMEMBASSY LONDON

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FROM USDEL SMITH FOR COUNSELOR ZOELLICK, UNDERSECRETARY
MCCORMACK, AND OES/ASSISTANT SECRETARY DESIGNATE BOHLEN
PASS WHITE HOUSE FOR DANZANSKY, CARD, DEAL
PASS EPA FOR ADMINISTRATOR REILLY

E.O. 12356: N/A

TAGS: SENV, KSCA, UNEP, UK

SUBJECT: MONTREAL PROTOCOL WORKSHOP GROUP: TEXT OF U.S.
- OPENING STATEMENT

REF: LONDON 11989

1. BELOW AS PROMISED REFTEL IS THE TEXT OF THE U.S.
STATEMENT, DELIVERED 6/20, REGARDING THE PROPOSED
FINANCIAL MECHANISM UNDER THE MONTREAL PROTOCOL. BEGIN
TEXT:

- THE UNITED STATES HAS TAKEN CAREFUL NOTE OF VIEWS
OF OTHER DELEGATIONS EXPRESSED AT OUR LAST WORKING GROUP
MEETING IN GENEVA IN MAY. IN PREPARING FOR THIS MEETING
WE HAVE SOUGHT TO DEFINE A BASIS ON WHICH WE COULD BE
PART OF A CLEARLY DEVELOPING CONSENSUS IN SUPPORT OF A
CFC FUND BASED ON ADDITIONAL CONTRIBUTIONS FROM PARTIES
TO THE MONTREAL PROTOCOL NOT OPERATING UNDER ARTICLE 5.

- I CAN NOW REPORT THAT WE ARE PREPARED TO JOIN SUCH
A CONSENSUS SUBJECT TO THE FOLLOWING CONDITIONS:

1. THE FUND MUST BE USED ONLY TO ASSIST DEVELOPING
COUNTRIES OPERATING UNDER ARTICLE 5 WITH INCREMENTAL
COSTS ASSOCIATED WITH ADJUSTMENTS MADE NECESSARY BY THE
PROTOCOL AND RELATED EXCLUSIVELY TO THAT PURPOSE.

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WHITE HOUSE SITUATION ROOM

PAGE 02 OF 03

2. THE LIMITED AND UNIQUE NATURE OF THE FUND MUST BE EXPLICITLY CONFIRMED MAKING CLEAR THAT THE FUND IS APPROPRIATE BECAUSE:

- I. THERE IS A SCIENTIFICALLY DOCUMENTED CONNECTION BETWEEN THE SUBSTANCES CONTROLLED BY THE PROTOCOL AND OZONE DEPLETION;

- II. THE FUND AND THE ACTIONS BEING FINANCED THROUGH IT CAN REASONABLY BE EXPECTED TO ADDRESS THE PROBLEM OF OZONE DEPLETION;

- III. THE AMOUNT OF FUNDS NEEDED IS LIMITED AND REASONABLY PREDICTABLE;

- IV. ANY FINANCIAL MECHANISM SET OUT HERE DOES NOT PREJUDICE ANY FUTURE ARRANGEMENTS THE PARTIES MAY DEVELOP WITH RESPECT TO OTHER ENVIRONMENTAL ISSUES.

3. THE FUND IS TO BE OPERATED AND ADMINISTERED BY THE WORLD BANK.

- I. ADMINISTRATION WILL BE ACCOMPLISHED THROUGH A CONTRACT BETWEEN THE PARTIES TO THE PROTOCOL AND THE BANK;

- II. DIRECT OVERSIGHT WILL BE VESTED IN AN EXECUTIVE COMMITTEE ESTABLISHED BY THE PARTIES. THE COMMITTEE MUST BE LIMITED IN SIZE AND INCLUDE BALANCED REPRESENTATION. AS A MAJOR DONOR, THE US WOULD EXPECT A SEAT ON THAT COMMITTEE.

- REGARDING CONTRIBUTIONS, AN INDICATIVE SCALE SHOULD BE BASED ON THE WORLD BANK ASSESSMENT SCALE OR THE UN ASSESSMENT SCALE. THE SIZE OF THE FUND OVER THE FIRST THREE YEARS SHOULD BE AGREED TO BY THE PARTIES TAKING INTO ACCOUNT THE ESTIMATES OF REQUIREMENTS OVER THE INITIAL THREE-YEAR PERIOD WHICH WERE DISCUSSED AT THE MAY WORKING GROUP MEETING.

- ALL SIGNIFICANT POLICY GUIDELINES, OPERATIONAL POLICIES, AND ADMINISTRATIVE ARRANGEMENTS MUST BE APPROVED BY THE EXECUTIVE COMMITTEE. THIS WOULD INCLUDE APPROVAL OF MAJOR LOANS OR GRANTS, WHICH IN OUR VIEW WOULD INCLUDE PROJECTS OF DOLLARS 100,000 OR MORE.

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WHITE HOUSE SITUATION ROOM

PAGE 03 OF 03

- REGARDING VOTING RIGHTS, EXECUTIVE COMMITTEE
DECISIONS WOULD REQUIRE A SUPER MAJORITY, EG: TWO THIRDS
WITH VOTING WEIGHTED IN A WAY THAT TAKES INTO ACCOUNT
CONTRIBUTIONS.

END TEXT. CATTO

BT

#2077

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

June 15, 1990

STATEMENT BY THE CHIEF OF STAFF

The Administration will propose a fund, operated and administered by the World Bank, to assist less developed countries (LDCs) in phasing out the production of CFCs by the year 2000. The President's proposal includes specific requirements addressing: the uses of the fund; the precedential nature of the fund; the administration of the fund; assessments; control of the fund; and voting rights within the fund.

The President's proposal is structured to reflect the unique circumstances that create the need for a fund specifically designed to assist LDCs in phasing out CFCs in a non-precedential framework. This approach meets the President's essential criteria for any such funding mechanism:

- First, there is adequate scientific evidence of the causes and effects -- in this case -- of ozone depletion.
- Second, there is strong evidence that the steps to be taken under -- the amended Protocol -- will successfully address the problem.
- Third, the resources needed to address the problem are limited and reasonably predictable.

The President expects the parties to the Montreal Protocol to successfully conclude negotiations on a package of amendments to the Protocol next week in London. The Administration's proposal will be offered at that time.

The President's proposal is designed to meet the financial needs of LDCs as they transition from the production of ozone-depleting substances to environmentally safe alternatives. At the same time, it addresses previously stated significant U.S. concerns about the use and management of the fund and the concern that there be no precedent-setting nature to such aid.

The United States has been a world leader in efforts to control emissions that adversely affect the ozone layer. The United States: Outlawed the use of CFC aerosol propellants in 1978; strongly supported the initial negotiations that led to the Vienna Convention for the Protection of the Ozone Layer in 1985; and was among the first to sign the Montreal Protocol in 1987.

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

AUG - 1 1990

THE ADMINISTRATOR

1990 AUG - 1 PM 3:25

The President
The White House
Washington, D.C. 20500

Dear Mr. President:

The week after the Houston Summit I went to Ottawa to prepare the ground for the acid rain accord. In meetings with the new Environmental Minister De Cotret we set out the framework for negotiations, announced they would get under way on August 28, and agreed to Canadian wishes that we remain open to including the full range of transboundary air pollutants, particularly toxic air emissions. Their concern with air toxics, which are responsible for much of the toxics in the Great Lakes, allowed me to publicize one largely unappreciated feature of your Clean Air Act: it will reduce air toxics by 75 to 90 percent over the next 10 years. Press on the visit was widespread and very positive and the Canadians were pleased.

Prime Minister Mulroney invited me to lunch at Gattineau, his country retreat. In perfect dry, sunny weather we walked around the lawn overlooking the lake and he gave the impression of a serene and careless vacationer, in fine spirits and unconcerned about his political situation. He is very grateful for your support and expressed his particular appreciation for the Clean Air Act. Apropos of environmentalists' comments that the decision to negotiate an accord didn't represent anything new or significant, Mulroney said with some feeling that an acid rain accord with the United States had been a high priority of Canadian policy for 15 years!

He recounted some of the history of his own efforts with President Reagan on acid rain. Laughing, he said he'd had lunch with Reagan recently and learned that Reagan still held to the view that trees cause acid rain. "No relationship was ever more sorely tested than when I found myself defending Reagan's position on acid rain," he said.

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I suggested that we try to coordinate our positions more closely on international environmental issues, especially on climate change where the United States has found itself isolated with the U.S.S.R. at international meetings. He and De Cotret agreed that, if possible, we approach international meetings and negotiations with a common position. If Canada is seen to be going along with a less than progressive U.S. position, however, De Cotret said that makes it very difficult for Canada. According to Ambassador Burney that perception took hold after our White House Conference and also at the Bergen, Norway meeting, and led the previous Canadian Environment Minister to commit to reduce CO₂ by 20 percent by 2005, a position Canada has since disavowed. We had a good discussion of climate issues and of the fact that with similar economies and a free trade agreement our climate policies will presumably need to be closely coordinated. (Canada uses more energy per capita, and generates more waste per capita, than the United States.)

I said I thought we should try to bring our pesticide regulations closer together, and our regulations on toxics. We could then approach the European Community to press them to harmonize standards for regulations affecting goods that pass in international trade, like chemicals. (Incidentally, my official risks from dioxin dropped 16 times by my merely crossing the border into Canada. Somebody's off and I suspect it's us.) An effort to harmonize our policies can help both countries review such anomalies. "Harmonize," I understand, is not a word Canadians like -- to them it means do what the Americans want.

Both Mulroney and De Cotret said they give a high priority to the Great Lakes. I invited them to be represented at upcoming meetings we're planning on fish advisories and on the zebra mussel. The States and the provinces give very different advice about how much of which Great Lakes fish species can be eaten. De Cotret and I agreed we would participate together this fall in the meeting of the International Joint Commission on the Great Lakes.

Prime Minister Mulroney raised the possibility of a Mexico-U.S.-Canada Summit on the environment. He said that he had discussed such a possibility with President Salinas who was enthusiastic. I recalled that proposal had been kicking around a year ago. Apparently George Shultz is pushing such a proposal, with Stanford as the location.

Prime Minister Mulroney was highly complimentary of all aspects of the Houston Summit. He said he dismissed speculation about who dominates the Summit. "The President of the United States dominates the Summit," he said, "and he particularly dominates it when he's as informed, respected and hospitable as George Bush." He said that the warmth of Houston's welcome even got through to President Mitterand. (He described Mitterand's

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arrival in Houston as the equivalent of my having shown up at Gattineau in the middle of lunch without apologizing!) He said he'd explained to Mitterand the political impossibility of an American President providing aid to the U.S.S.R. while the U.S.S.R. was providing billions to Castro.

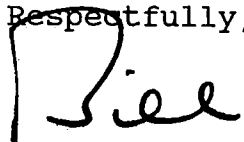
Finally, Mulroney obliquely referred to criticism and low standing in the polls. He said, "There's no gratitude in these jobs, and for much of the time you're judged against perfection. But every few years comes an election and then it's no longer perfection you're up against, but Michael Dukakis or John Turner. And George Bush will beat Michael Dukakis 10 for 10, and so will I beat John Turner 10 for 10."

There's a good deal of anger felt by those around Mulroney at the roles played by Trudeau and Lucien Bouchard, the former Environment Minister, in helping to scuttle the Meech Lake Accords.

We obviously have a firm friend in Mulroney and I will continue to look for areas where we can be of help to him, as you asked. Assuming the Congressional Conference on the Clean Air Act doesn't get bogged down, you ought to be in a position to sign an acid rain accord with him by the end of the year.

My own reaction to the Houston Summit, as I mentioned in the Cabinet Room, is that the Forestry Convention, together with your decision to forgive public debt for Latin America, may well rank near the top of the environmental achievements you will be remembered for. I issued a statement following the Summit, and also expressed some views on criticism by environmentalists, copies attached.

Respectfully,



William K. Reilly

Enclosure

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Environmental News

FOR RELEASE: FRIDAY, JULY 13, 1990

**John Kasper (202) 382-4355
Dave Cohen (202) 382-7960**

WILLIAM K. REILLY STATEMENT ON HOUSTON SUMMIT

As a conservationist long interested in protection of forests, I believe the Houston Summit achieved a truly remarkable and historic result. The commitment by the G-7 countries to negotiate a convention on world forestry has been a long standing objective of international conservation groups. The advantages of such a convention for species protection, biological diversity, control of soil erosion and sedimentation and for climate and rainfall are simply incalculable. We must only hope that such a convention can realize its full potential to avert a catastrophic loss of many of the great forests, especially in the tropics, that harbor so many animal and plant species.

The forest convention was a proposal made by President Bush and it reflects his strong personal interest in these issues. Together with his commitment to renegotiate Latin American official debt and to debt-for-nature swaps, it offers great potential to raise significantly the world's conservation priority for a vital resource. The specific initiative for the Brazilian rain forests, a strong interest of Chancellor Kohl, further attests to the Summit's environmental success.

I am also pleased that the communique sets 1992 as the date for completion of a framework convention on climate change, and includes the President's proposal that such a convention deal comprehensively with all the greenhouse gases, with all sources and sinks.

Once the dust has settled and the more precipitous judgements of this Summit are supplanted by considered examination, I believe the conservation community will see that a Summit planned largely to address issues of agricultural trade and economics, and East-West relations, in fact will be remembered also for some major environmental commitments.

6TH STORY of Level 1 printed in FULL format.

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April 13, 1990, Friday, NASSAU AND SUFFOLK EDITION

SECTION: NEWS; Pg. 4
Other Edition: City Pg. 15

LENGTH: 674 words

HEADLINE: EPA Chief Criticizes Bush Critics

BYLINE: By Susan Page. Newsday Washington Bureau

DATELINE: Washington

KEYWORD: WILLIAM REILLY; AIR POLLUTION; ENVIRONMENT; LAW; JOHN SUNUNU;
BUSINESS; INDUSTRY; MEETING; ENVIRONMENTAL PROTECTION AGENCY

BODY:

EPA Administrator William Reilly, who headed two conservation organizations before taking over the key federal agency, yesterday lashed out at environmental activists, saying they hurt their own cause by being relentlessly critical of President George Bush and White House Chief of Staff John Sununu.

As a result, Reilly said in an interview, environmentalists were excluded from a recent White House meeting with business and industry leaders to discuss the Clean Air Act. In policy deliberations, the Environmental Protection Agency chief said, he no longer argues that environmentalists will praise an administration initiative, no matter what it is.

"They haven't learned to deal with a White House [that] clearly wants to engage them, take their ideas and move the environmental agenda forward," Reilly said. "Maybe it's expecting too much to expect that they will, but I think it's going to hurt the [environmental] community."

He particularly faulted environmentalists for focusing on Sununu, who has become a lightning rod for criticism on environmental issues. Reilly called that "unfair to the truth and politically a very unwise tactic."

Several leaders of environmental organizations expressed surprise at Reilly's comments, which an EPA spokesman said were harsher than any he has made publicly before. "What it does is signify that Bill is being co-opted, and co-opted in order to, I presume, be a more effective team player," Jay D. Hair, president of the National Wildlife Federation, said in a telephone interview.

"I think he's saying what he has to say to earn his way out of purgatory," said Michael McCloskey, chairman of the Sierra Club, who noted that Reilly has had his loyalty to the administration questioned after losing several internal battles.

But the environmentalists said they were not likely to temper their criticisms as a result. "When the trend line is not pro-environmental protection, Mr. Bush has to be called to task on that," Hair said. "It's too bad if the truth pinches in certain places."

Until last year, Reilly himself led two environmental organizations, as president of the World Wildlife Fund and the Conservation Foundation, two affiliated environmental organizations with 300,000 members and a reputation for moderation. His appointment to head the agency was hailed by many environmentalists as a sign of Bush's commitment to their issues.

In recent months, though, Reilly has seen his influence wane after clashes with Sununu and Budget Director Richard Darman. At Sununu's initiative earlier this year, a federal agreement to protect threatened wetlands was weakened, and Bush backtracked from statements he made during the campaign on the need to counter global warming. Both decisions were roundly criticized by environmentalists.

But Reilly - in an interview with Newsday in his office at EPA headquarters, with its panoramic view of the Potomac River and the Jefferson Memorial - went out of his way to praise Sununu.

"It is I think a tribute to the president's environmental interest that his chief of staff is heavily engaged in environmental issues and probably understands those issues better than any previous chief of staff we've ever had," he said. "I regard him as an extremely important part of the process that's gotten us the significant initiatives we've gotten."

He complained that environmentalists "put a chill on the relationship" with Sununu in February by sending a letter to Bush - and immediately holding a news conference to release it - demanding a presidential meeting to discuss their complaints with the chief of staff. Bush never replied to the letter.

And Sununu's reaction?

Reilly said: "He didn't say it, but certainly the mood was, 'Why bother with these people?' "

Environmentalists sometimes use criticism as part of a political calculation, Reilly said, but over the long term they damage their effectiveness with the administration. He said, "The environmental community has never historically accomplished the use of carrots."

GRAPHIC: Photo By Pam Price-William Reilly

5TH STORY of Level 1 printed in FULL format.

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April 16, 1990, Monday, NASSAU AND SUFFOLK EDITION

SECTION: NEWS; Pg. 19
Other Edition: City Pg. 8

LENGTH: 1863 words

HEADLINE: Bush, Environmentalists at Odds

BYLINE: By Susan Page. Newsday Washington Bureau

DATELINE: Washington

KEYWORD: GEORGE BUSH; ENVIRONMENT; POLLUTION; AIR POLLUTION; PRESIDENT;
CAMPAIGN; ISSUE

BODY:

Just three weeks after he was elected president in 1988, George Bush met with more than 30 environmental leaders, who emerged from the White House hailing him as a breath of fresh air after nearly a decade of stalemate on key environmental issues.

But now, Bush and many environmentalists no longer seem to be on speaking terms.

As the 20th anniversary of Earth Day approaches this week, environmentalists and other officials active in the field charge with some bitterness that Bush has reneged on commitments he made in 1988 while campaigning to be "the environmental president."

While they praise him for providing critical impetus for the revised Clean Air Act, and for displaying more concern about the environment than his predecessor, environmental activists complain that the president has backtracked on campaign promises to protect dwindling wetlands and to tackle the problem of global warming. And the critics lament that EPA Administrator William Reilly has been frozen out of decision-making on key issues in favor of White House Chief of Staff John Sununu and budget director Richard Darman.

Also, environmentalists no longer receive invitations to the White House. They recently were excluded from a White House meeting held with utility and automobile representatives to discuss the Clean Air Act because Sununu complained they were just chronic complainers. A group of eight leading environmentalists - many of whom had attended the optimistic post-election session - wrote Bush a letter in February asking for an "emergency meeting" to raise concerns about Sununu and to clarify the president's positions on environmental issues.

The White House has not replied. Even Reilly complained last week that the environmentalists had criticized the president too much to expect to be consulted.

(c) 1990 Newsday, April 16, 1990

"He plants trees and he issues Earth Day proclamations," Michael McCloskey, chairman of the Sierra Club, said of Bush, "but he has surrounded himself with a palace guard who seem to be intent on keeping anything substantive from happening."

Jay D. Hair, president of the National Wildlife Federation, called the president's record "a checkered one when it comes to the environment."

Sen. Al Gore (D-Tenn.), a leader in Congress on environmental issues, said bluntly, "His actions make his statements during the campaign those of a faker."

Business and industry officials generally give Bush good marks for balancing environmental protection with economic development, though there were some complaints that the administration's Clean Air provisions placed too great a burden on them. "He's followed a fair and middle ground," said Harvey Alter of the U.S. Chamber of Commerce.

"The president has done everything one could have expected" on environmental issues, Reilly said in an interview in his office. "I cannot think of a more intense and productive period for the environment than the last 14 months of the Bush administration."

He cited a litany of actions on environmental concerns. The administration has strengthened pesticide restrictions, begun a seven-year plan to ban nearly all uses of asbestos, and pledged to phase out by the turn of the century use of chlorofluorocarbons, which are believed to contribute to the destruction of the Earth's protective ozone layer. Bush and the leaders of six other major industrialized democracies for the first time discussed global environmental concerns at length at their annual economic summit last summer.

A White House-sponsored conference on global warming is scheduled to open tomorrow; the president also has proposed elevating the EPA to cabinet status.

Compared with the record of President Ronald Reagan, environmentalists concede, that is an ambitious environmental agenda. "A godsend," said Jim Maddy, executive director of the League of Conservation Voters. Reagan had ridiculed the need for environmental legislation and regulation - suggesting during the 1980 campaign that trees cause pollution - and he appointed environmental officials such as James Watt and Anne Gorsuch, who campaigned to slash their agencies' budgets and regulatory authority.

But compared with the agenda candidate Bush laid out during the campaign - and the environment was an important issue for him, particularly in gaining support in such key states as California and New Jersey - President Bush has been more concerned about costs and more leery of scientific conclusions than he said he would be.

On the issue of global warming, for instance, Bush had promised to act, and fast. "Those who think we're powerless to do anything about the 'greenhouse effect' are forgetting about the White House effect," he told a cheering audience in Michigan during a three-day campaign blitz devoted to environmental issues. "As president, I intend to do something about it."

But as president, Bush has simply funded further study. In a major speech in February, he raised questions about whether scientists are certain there is

a gradual warming of the earth's atmosphere because of carbon dioxide buildup, and he emphasized the need to reconcile environmental protections with economic development.

And this week's White House conference on the issue is considerably less ambitious than the one Bush had said he would convene during his first year as president. At the meeting, White House officials said, the administration will call for more research but propose no timetable for dealing with the problem.

On the question of protecting the nation's wetlands, Bush had assured conservationists he would set a national goal of "no net loss of wetlands." But the White House - over Reilly's objections at the EPA - this year altered a federal agreement to weaken a requirement that wetlands be protected or replaced if they are threatened by development.

On the question of offshore oil drilling, Bush had promised to block drilling in environmentally sensitive areas, a critical political issue in California and Florida. As president, he suspended lease sales off those states' coasts more than a year ago, pending further study. Now, he reportedly is poised to open drilling in at least some areas off California.

Then there is Boston Harbor, the disgusting-looking, sewage-contaminated port featured in one of Bush's most prominent campaign commercials. It also provided the backdrop for one of his most memorable campaign appearances. "The dirtiest harbor in America," he had declared gleefully, attacking his Democratic opponent, Massachusetts Gov. Michael Dukakis, for inaction.

As president, however, Bush not only has proposed no funds for the specific cleanup of Boston Harbor, but also has called for cuts in federal funding nationwide for water pollution abatement and sewage programs.

"Given the fact that he earned so many points campaigning on Boston Harbor and on the Jersey shore and the California coastline, he hasn't matched his rhetoric with performance in the protection of water," said Thomas C. Jorling, New York State environmental commissioner. **[(The following Appeared C Version) "He still has a huge burden before anyone can conclude that his is an environmental presidency."]

George Frampton Jr., president of the Wilderness Society, agreed. "At various places on various issues, progress is being made, slowly," he said. "But on some of the big issues - like oil [drilling] and forests and global warming - there's no progress, and across the board there's virtually no leadership."

Bush has emerged as a principle target for the Earth Day activities slated across the nation Sunday, when he is scheduled to be out of sight, fishing off the Florida Keys.

"Our objective is to communicate strongly to national leaders that the public is worried about these issues, the public believes we have studied them enough to know what the problems are," said Denis Hayes, chairman of Earth Day 1990 and executive director of the first Earth Day event in 1970.

"If you want to be known as the environmental president," he added, "you have to start delivering."



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

August 6, 1990

(202) 395-5080

MEMORANDUM TO GOVERNOR SUNUNU

FROM: MICHAEL R. DELAND

SUBJECT: Attached Memorandum, "Bush Administration
Environmental Initiatives and Accomplishments"

Enclosed please find the second edition of a memorandum prepared by CEQ entitled "The Bush Administration and the Environment: Initiatives and Accomplishments." The memorandum is drawn in part from materials submitted from throughout the Executive Branch and is being circulated to all appropriate Executive Branch personnel. The first edition was released in May 1990.

This memorandum summarizes the major Administration actions which promise to have a beneficial result for environmental quality and conservation of natural resources. It was not prepared for release to the news media or the public, but it has been rigorously reviewed to ensure its factual integrity. I hope it will be helpful in preparing speeches, responding to inquiries and tracking issues.

The memorandum will be kept up to date and distributed at least quarterly by my assistant, Dale Curtis, who can be reached on 395-5750. We obviously are counting on your informing us of any developments or suggestions to be included in the next version. We would need your comments by mid-October. Thank you!

Enclosure



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL ON ENVIRONMENTAL QUALITY
WASHINGTON, D.C. 20500

Michael R. Deland
Chairman

(202) 395-5080

The Bush Administration and the Environment:
Summary of Initiatives and Accomplishments

July 1990

President George Bush, continuing a life-long record of concern for the environment, has demonstrated a commitment to environmental protection, conservation, and wise management of our natural resources. What follows is a summary of the Bush Administration's initiatives and accomplishments.

1. General leadership
2. Air pollution
3. Environmentally-sensitive budget policy
4. Pollution prevention and recycling
5. Food safety
6. Water projects and water pollution
7. Wetlands
8. Energy
9. Global climate change
10. Other international environmental initiatives
11. Alaskan oil spill
12. Oil spill prevention
13. Asbestos ban
14. Hazardous wastes and Superfund
15. Clean oceans and coastlines
16. Radon
17. Defense & the Environment Initiative
18. Endangered species & wildlife
19. Earth Day
20. Environmental education
21. Environmental law enforcement

1) **General leadership and themes:**

President Bush has demonstrated his commitment to global stewardship through his appointments, domestic and foreign policy initiatives, and support for strong environmental law enforcement.

In the President's view, environmental protection and economic growth are interdependent, not opposed. Environmental stewardship is crucial to sustaining strong economies, both domestically and internationally, while strong economies allow nations to fulfill the obligations of environmental stewardship for present and future generations. The U.S. continues to be a world leader in the development and implementation of sound, balanced environmental policy, particularly in using innovative tools that harness the force of free markets and private initiative in the service of environmental quality.

More federal departments are embarked on substantive environmental policy initiatives than ever before. The President, Cabinet and other federal officials have devoted dozens of speeches, news conferences, and events to environmental subjects, and Administration staffers have devoted thousands of hours to ambitious environmental quality initiatives.

The President has endorsed elevating EPA to Cabinet status.

2) **Air pollution:**

After a decade of policy gridlock, President Bush's administration crafted a comprehensive package of amendments to the U.S. Clean Air Act to reduce automobile tailpipe and other emissions that contribute to urban smog; require increased use of cleaner motor vehicle fuels; and control emissions of toxic air pollutants. The bill tackles acid rain through an innovative tradable emission permits program that will cut acid emissions roughly 50 percent below 1980 levels and cost far less than traditional "command-and-control" approaches.

Thanks in large measure to the President's personal commitment, a clean air bill passed the House and Senate and it appears likely this much-needed reform package will be enacted in 1990.

Among several other administrative actions on clean air, EPA issued rules that lower gasoline volatility (which contributes to smog) in summer months; and rules to reduce industrial emissions of the hazardous pollutant benzene by 90 percent. EPA proposed standards to require source separation by municipal waste handlers to reduce overall air emissions from municipal waste incinerators by 90 percent.

Also, the President decided air quality controls for oil and gas development offshore California should be substantially the same as those applied onshore.

The Administration has made major strides on global air pollution (see #9 and #10). Related actions on automobile fuel efficiency, energy efficiency and renewables, and clean coal technology are listed below (see #8).

3) **Environmentally-sensitive budget policy:**

The Administration's budget request for 1991 continued a trend begun with President Bush's first budget in 1990: substantial funding increases for most environmental programs, and greater sensitivity to the impact of federal actions on the environment. Notable areas include:

- Increases for EPA's operating budget, especially for enforcement (more than 500 new staff) and cleanup at Superfund and federal sites (see #14)

- A 65 percent increase in the Justice Department's environmental enforcement budget over the FY89 level (see #21)

- "America the Beautiful": a three-pronged effort to enhance federal resources by acquiring lands with high environmental or recreation value (up to \$1 billion over four years); restoring run-down natural resource and recreation areas ("Legacy '99")

- Establishing a long-term private-public reforestation program to plant and maintain one billion new trees annually for at least ten years

- concerning global climate change, sharply higher funding for: the "Mission to Planet Earth" space-based Earth observation system; solar and renewable energy, energy conservation; and basic research (up 43 percent in 1990, up 57 percent to over \$1 billion in 1991; see #9 for details)

-- termination or mitigation of certain water projects; research, protection and enhancement of the nation's wetlands (see #6, #7)

-- proposed demonstration projects to terminate wasteful "below-cost" timber sales at nine national forests and provide improved recreational facilities in those areas

-- an increase of almost \$800 million, or 21 percent above 1990 levels, for Federal facility cleanups

-- full funding for the Clean Coal Technology program

-- an increase in the staff of the President's Council on Environmental Quality (CEQ) from 10 to 34 positions by 1991

4) **Pollution prevention and recycling:**

The Administration seeks reforms to move beyond costly end-of-the-process cleanups and make pollution prevention a priority, integrated in all elements of environmental policy.

Within EPA, a Pollution Prevention Office was strengthened to work with industry and private groups to promote pollution prevention. Also, two percent of every EPA program's budget has been set aside to fund pollution prevention demonstration projects.

In 1990, 25 grants worth a total of \$7 million have been awarded to 23 states to boost development of pollution prevention projects. Fourteen grants were awarded in 1989, worth \$5 million.

EPA has launched a nationwide "early warning system" to prevent municipal sewage treatment plants from violating Clean Water Act standards.

The Administration adopted a goal of reducing municipal solid waste by 25 percent through a combination of source reduction and recycling measures. The Administration is also implementing federal procurement guidelines requiring government agencies and contractors to buy products made of recycled materials. The Recycling Advisory Council, a joint project of the National Recycling Coalition and EPA, is focusing on the development of markets for secondary materials.

5) **Food safety:**

The Administration proposed legislation to improve food safety by streamlining regulations to allow faster removal of dangerous substances from the market. EPA blocked all sales, distribution and use of "Alar" products labeled for use on food products, and stepped up its efforts against a wide range of other suspect pesticides. EPA blocked the sale of roughly 100 million apples that had been illegally treated with the fungicide "Botran."

6) **Water and wetlands:**

President Bush seeks termination of uneconomic and destructive projects such as the Garrison Diversion Unit in North Dakota. In line with this policy, EPA initiated an action which could block issuance of a permit for construction on the Two Forks Dam in Colorado. EPA also rejected the proposed Big River reservoir project in Rhode Island, based on unacceptable potential effects on wetlands, wildlife and recreation.

The Bureau of Reclamation has been given new direction and proposed doubled funding to pursue mitigation of adverse impacts of certain large water projects already constructed. Secretary Lujan ordered an Environmental Impact Study on operations at Glen Canyon Dam in Arizona.

Secretary Lujan announced a plan affecting the balance between water usage and environmental protection in the Central Valley of California, including preparation of an Environmental Impact Statement (EIS). Long-term water contracts are being renewed with the understanding that adjustments may be required when the EIS is completed.

EPA issued proposals to regulate 17 pesticides and 21 other contaminants in drinking water, almost doubling the number of pollutants subject to federally enforceable standards. The proposals also call for monitoring 110 currently unregulated contaminants.

As noted in #21, the Administration and the states brought action against 61 cities (including San Antonio, Detroit, El Paso and Phoenix) for failure to control industrial discharges of toxic and hazardous wastewater into their sewage treatment systems. As part of a coordinated strategy to protect Chesapeake Bay, the Administration charged 26 facilities in the watershed for violations of the Clean Water Act.

EPA reinvigorated a task force charged with developing a national ground-water protection strategy, and initiated a dialogue with a full range of interested parties.

For related actions on ocean pollution, see #15.

7) **Wetlands:**

The Administration supported legislation to purchase wetlands to implement the North American Waterfowl Management Plan, and added over 106,000 acres to Everglades National Park. Secretary Lujan proposed a plan to repair environmental damage at Kesterson Reservoir in California, for a net tripling of the wetlands acreage there.

Concerned by the rapid loss of American wetland habitats, the President directed an interagency task force to hold meetings and report on ways to implement his goal of "no net loss" of wetlands.

EPA and Army Corps of Engineers signed an agreement to clarify wetlands protection policy. The Bureau of Reclamation and the U.S. Fish and Wildlife Service signed an agreement to cooperate in expanding the wetlands breeding habitat for numerous species.

The President's FY91 budget seeks a 24 percent boost (to \$460 million) for research, protection and enhancement of wetlands, including acceleration of the national wetlands inventory and enhancement of the bay/estuary program. This follows a 32 percent increase in 1990.

Enhanced criminal enforcement against those who illegally fill wetlands is proving to be an effective deterrent, especially as real jail time is being served by violators under the sentencing guidelines.

8) **Energy:**

The Department of Energy is preparing a National Energy Strategy which emphasizes environmental and safety concerns, including responses to potential climate change, such as: energy conservation and efficiency; alternative and renewable energy sources; and nuclear power safety.

DOE announced eleven initiatives in energy efficiency and renewables, including: more efficient lighting for federal buildings; regulatory and legislative changes to stimulate efficiency improvements in the utility, commercial and construction sectors; and using the government-industry

technology transfer process to speed promising technologies into widespread use.

In June 1990, the President postponed for at least ten years offshore oil and gas lease sales in tracts comprising: 99 percent of the California coast; the coasts of Oregon and Washington state; the southwest coast of Florida; and the Georges Bank area off New England. Lease sales near Santa Barbara, CA may proceed after January 1, 1996, but only after further studies as recommended by the National Academy of Sciences.

In a reversal of previous policy, DOE is developing rules to centralize and strengthen significantly compliance with the environmental assessment process under the National Environmental Policy Act (NEPA).

The Department of Transportation raised the corporate average fuel economy (CAFE) standard for autos to 27.5 mpg.

The President has requested all of the necessary funds to complete the \$2.5 billion Clean Coal Technology program.

To address waste cleanup at DOE facilities, funding was increased by \$500 million in FY90; an increase of \$600 million is sought for FY91. DOE released a five-year, site-by-site cleanup plan, and a five-year research and development plan to reduce outyear costs.

9) Global climate change:

The Bush Administration has demonstrated its willingness to confront the complex and important question of global climate change. The Secretary of State's first major address in January 1989 expressed the President's intention to take comprehensive action in this area. In February 1990, the President became the first and only head of state to address the U.N.-sponsored Intergovernmental Panel on Climate Change (IPCC), the leading global forum for climate change policy. The U.S. participates actively in the IPCC, has hosted two IPCC plenary sessions and two workshops, and chairs the IPCC Response Strategies Working Group.

Numerous Administration initiatives are underway which will have the effect of limiting greenhouse gas emissions. The Administration's clean air bill, National Energy Strategy, increased CAFE standard, reforestation campaign, and CFC phase-out (see below) will have the effect of reducing projected greenhouse gas emissions by 15-25 percent by the year 2000. The U.S. supports a comprehensive

approach to the issue which considers all sources and sinks of greenhouse gases, and which allows for the use of market-based, innovative, dynamic and cost-effective responses.

To prevent ozone layer depletion, the Bush administration negotiated with other countries a complete phase-out by 2000 of most uses of ozone-depleting substances, and set schedules for phasing out or reducing halons. The Administration supports financial and technical assistance to developing countries to make the transition to non-CFC technologies, in both multilateral and bilateral contexts, and with appropriate guidelines to target administration of the funds.

At Malta, the President proposed two major global conferences on the issue in 1990. The White House Conference on Global Change, held April 17-18, addressed scientific and economic uncertainties and ways to reduce them. The second conference would open negotiations toward a multilateral framework treaty once the IPCC has completed initial assessments of the scientific evidence, potential impacts, and policy options. At the Houston summit, the U.S. urged completion of framework negotiations by 1992.

As noted in #3 above, the FY91 budget request seeks more than \$1 billion for research into global climate change, up 57 percent from 1990 levels, which were themselves 43 percent over 1989. That research includes work on the "Mission to Planet Earth" orbiting observation system, Earth systems basic research, renewable and solar energy sources, and energy efficiency/conservation.

10) Other international environmental initiatives:

President Bush supported efforts to make the environment a major focus of the "G-7" summits of industrial nations. In Tokyo, the President held meetings with leaders of Japan and Brazil to discuss the problem of rapid rain forest depletion.

As part of a major package of trade and investment initiatives to Latin American nations, the Administration proposes to spur "debt-for-nature swaps," and direct interest payments on certain restructured loans into trust funds that would support long-term environmental programs in those nations.

The Administration helped develop and then signed the Basel Convention, which governs transboundary shipments of hazardous wastes in an environmentally sound manner. The

Administration is currently preparing legislative proposals to implement the Basel Convention.

In June 1989, the U.S. led the way by banning imports of African elephant ivory (see #17), an action which sparked other major nations to follow suit, and led to international action under the CITES regime to list the species as endangered. The President requested funds from Congress to assist African nations in the conservation of this species.

President Bush supported and signed legislation to prohibit U.S. support for foreign development loans unless environmental impacts are studied.

The U.S. signed a bilateral agreement with Mexico to help improve Mexico City air quality, and emphasized the environment in the 1989 U.S.-Mexico Bi-National Commission meeting.

The Administration persuaded Japan, Taiwan and Korea to enter into agreements to monitor driftnet fishing. This will allow the U.S. to monitor the incidental take of birds, seals, whales, dolphins and other marine mammals.

In 1990, for the first time, Peace Corps volunteers are being trained by EPA in water pollution prevention, waste disposal, reforestation and pesticide management.

During his 1989 trip to Eastern Europe, the President offered financial and technical aid, help in drafting environmental laws and regulations, and access to pollution control technology. More specifically, the Administration is helping to develop proposals to improve air and water quality in Krakow, Poland; and establish an East European environmental center in Budapest, Hungary, which is opening in September 1990.

Senior U.S. and Soviet officials have met to expand cooperation in environmental matters, including: plans for an international park in the Bering Sea wilderness; marine mammal and fisheries conservation; marine pollution; environmental law; wetlands; and post-Chernobyl radiation monitoring.

Legislation supported by the President to elevate EPA to Cabinet status would give the U.S. Environment Secretary commensurate status with his counterparts from other nations. The plan would also enhance the new Department's authority to offer technical assistance to foreign environmental programs. In early 1989, EPA's International Activities Office was elevated to the assistant administrator level.

The Administration supports adoption of international guidelines under which banned or severely restricted pesticides should not be exported without the prior informed consent of the importing country; and it acted to implement this approach for U.S. exports.

The U.S. is participating in the international effort to assess existing programs to preserve global biological diversity, and to recommend further steps which might be taken.

The Administration is actively involved in planning the 1992 United Nations Conference on Environment and Development.

A task force chaired by CEQ is examining Executive Order 12114, related to the environmental impacts of U.S. government activities abroad.

For actions related to global climate change, see #9.

11) **Alaskan oil spill:**

The President sent Vice President Quayle and Cabinet-level teams on several missions to assess the largest oil spill in U.S. history. The Department of Transportation is overseeing cleanup by Exxon, while EPA is coordinating an interagency task force on long-range restoration of Prince William Sound.

The Justice Department indicted the Exxon Corporation and Exxon Shipping on a total of 10 felony and misdemeanor counts arising from the Valdez spill.

12) **Oil spill prevention:**

To help prevent future events like the Exxon Valdez and other recent oil spills, in May 1989, President Bush sent Congress comprehensive legislation to strengthen oil pollution liability and compensation laws.

In a package of decisions related to offshore oil and gas development (see #8), the President also directed immediate steps be taken: to reduce the possibility of offshore oil spills, including redirecting tanker traffic away from sensitive areas near the Florida Keys and Everglades; and improve the ability of industry and government to respond to oil spills. The President proposed, and Paris Summit leaders of industrial nations

accepted, a call for increased international cooperation on oil spill prevention and cleanup.

The Interior Department began a \$6 million, 3-year joint project with the American Petroleum Institute to research and develop new cleanup technology.

13) **Asbestos ban:**

EPA announced a ban on almost all new uses of asbestos in the United States by 1997. Asbestos is a carcinogen linked to lung and chest cancer.

14) **Hazardous wastes and Superfund:**

The Administration fought Congressional attempts to cut the Superfund budget and in 1989, exceeded Congressionally-mandated targets for cleanup starts and site studies.

After an intensive management review, the Administration reoriented the "Superfund" hazardous waste site cleanup to an "enforcement first" program to get more responsible parties to undertake cleanups. EPA added 500 new enforcement staff to this program. In fiscal years 1989 and 1990, the enforcement program collected twice as much money in injunctive relief and cost recovery than in the entire previous history of the program (\$1 billion in 1989 alone); and filed more cleanup suits than in the first six years of the program.

The Administration commenced a similar management review of the Resource Conservation and Recovery Act (RCRA) for operating waste disposal sites, expected to set priorities and improve implementation of this complicated process.

As noted above (#10), the Administration signed the Basel Convention controlling waste exports and is preparing enabling legislation.

15) **Clean oceans and coastlines:**

EPA implemented the first step of the President's commitment to prevent medical wastes from washing up on beaches: a pilot medical waste tracking system to serve as a model for further action. The program involves the states of Connecticut, Louisiana, New Jersey, New York and Rhode Island, as well as the District of Columbia and Puerto Rico.

The Administration secured consent agreements with local jurisdictions to phaseout ocean dumping of sewage sludge between March 1991 and June 1992. The President proposed legislation to require criminal felony penalties for illegal ocean dumping, and the Attorney General created a "SWAT Team on Ocean Pollution" to coordinate enforcement and share information with state and local officials.

16) **Radon:**

EPA released data showing high levels of cancer-causing radon to be widespread in housing throughout the country, and undertook public education campaigns to urge Americans to test and safeguard their homes, schools and businesses.

17) **Defense & the Environment Initiative**

The Department of Defense established a five-point initiative intended to forge long-term partnerships in defense-environmental matters. A September 1990 conference will attempt to: finalize a long-term strategy and near-term DOD environmental action plan; activate an enhanced DOD environmental decision-making structure; and discuss how global strategic policy might encompass environmental challenges.

18) **Endangered species and wildlife:**

After an extensive public comment period, the U.S. Fish and Wildlife Service listed the northern spotted owl as a "threatened" species throughout its range in Washington, Oregon, California and British Columbia. In response, Secretaries Lujan and Yeutter announced a package of measures to revise federal agency practices to balance the owls' protection and forest management.

The President agreed to create a National Marine Sanctuary in California's wildlife-rich Monterey Bay, permanently banning oil and gas development there (see #8).

As noted in #10, in June 1989, the U.S. set a world precedent by banning imports of African elephant ivory, an action which sparked other major countries to follow suit, and which led to international action under the CITES regime to list the species as endangered. The President requested funds from Congress to assist African nations in the conservation of this species. The combined effect of these

actions is already positive: falling ivory prices and stabilized elephant populations.

The Department of Interior issued an emergency listing of the Desert Tortoise as an endangered species in Southern California, Utah and Nevada. DOI acquired additional habitat for endangered panthers in Florida.

The Administration's enhanced wetlands programs benefit countless wildlife species around the nation (see #7).

The Administration blocked a Congressional proposal to cap the outlay of funds under the Wallop-Breaux Trust Fund used for fisheries protection and development.

Senior U.S. and Soviet officials have met to discuss, among other things: plans for an international park in the Bering Sea wilderness; marine mammal and fisheries conservation; and wetlands.

In line with the Administration's tough environmental enforcement policy (see #21), the Justice Department convicted almost 250 violators for illegal activity under the wildlife laws.

19) **Earth Day**

The Council on Environmental Quality coordinated actions by all federal agencies to celebrate the 20th anniversary of Earth Day, including an exhibition on the Mall in Washington and various activities by major Federal agencies throughout the country. Some agencies used the opportunity to kick off special programs, including awards and recycling programs, that are ongoing.

20) **Environmental education**

In addition to continuing support for existing programs in several Federal agencies, the President proposed a program of cash awards of up to \$5,000 to elementary and secondary school teachers in the 50 states, the District of Columbia and Puerto Rico who develop innovative, effective environmental education programs. In a White House ceremony, President Bush awarded the President's Environmental Youth Awards to youngsters participating in organized environmental activities. The President also endorsed comprehensive environmental education legislation.

21) Environmental law enforcement

Effective environmental enforcement is a cornerstone of the Bush administration's policy. The Administration's aggressive environmental program has:

- Levied record-high numbers of civil and administrative penalties for violations of EPA-administered statutes, with fines totaling \$35 million in FY89. Environmental indictments and convictions in FY89 were 70 percent higher than in FY88. In the last two fiscal years, the Administration filed as many Superfund cases as in the first six years of the program.
- Obtained the largest single settlement amount ever of a suit by the U.S. against one entity for violation of a federal environmental statute. Texas Eastern Transmission Corp. paid a \$15 million penalty and agreed to perform cleanup work estimated to cost \$400 million at 89 sites located in 14 states.
- Achieved a record high civil penalty for violations of the Clean Water Act, by negotiating a settlement with Shell Oil Co. for \$19.7 million in fines and damages for a 400,000 gallon oil spill near San Francisco.
- Indicted the Exxon Corporation and Exxon Shipping on a total of 10 felony and misdemeanor counts arising from the largest oil spill in U.S. history in Prince William Sound, Alaska.
- Recovered a fine of \$2.25 million against Ashland Oil for its negligent actions in allowing an oil tank to rupture on the Monongahela River.
- Brought civil lawsuits against 34 companies and individuals to halt violations concerning safe demolition and renovation of asbestos in buildings.
- Along with states, brought civil and administrative actions against 61 cities (including Detroit, El Paso, Phoenix and San Antonio) for violations of the Clean Water Act.
- Protected the Chesapeake Bay by charging 26 facilities in the watershed for violations of the Clean Water Act.
- Proposed fines of \$1.65 million on 42 companies that failed to report toxic chemical discharges as required by law.

- Initiated a new program to enforce compliance with the Montreal Protocol phasing-out the production and use of ozone-depleting substances.

Withdrawal/Redaction Sheet

(George Bush Library)

Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05a. Memo	From Michael Boskin to John Sununu Re: Draft letter to Bill Reilly on Clean Air Act (1 pp.)	9/18/90	P5	

Collection:

Record Group: Bush Presidential Records
Office: Chief of Staff, White House Office of
Series: Sununu, John, Files
Subseries: Issues Files
WHORM Cat.:
File Location: Environment - Miscellaneous (1990) [3]

Open on Expiration of PRA
 (Document Follows)
 By JP (NLGB) on 5/12/05

Date Closed: 12/9/2004	OA/ID Number: 29155-007
FOIA/SYS Case #: 1998-0004-F[1]	Appeal Case #:
Re-review Case #: 2005-0426-S	Appeal Disposition:
P-2/P-5 Review Case #:	Disposition Date:
AR Case #:	MR Case #:
AR Disposition:	MR Disposition:
AR Disposition Date:	MR Disposition Date:

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P-1 National Security Classified Information [(a)(1) of the PRA]
 P-2 Relating to the appointment to Federal office [(a)(2) of the PRA]
 P-3 Release would violate a Federal statute [(a)(3) of the PRA]
 P-4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
 P-5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
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 (b)(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
 (b)(9) Release would disclose geological or geophysical information

THE CHAIRMAN OF THE
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON

September 18, 1990

MEMORANDUM FOR GOV. JOHN H. SUNUNU

FROM: MICHAEL J. BOSKIN *MB*

RE: Draft Letter

Attached is a draft letter you requested from me to Bill Reilly on the statement he made about the alleged energy benefits of the Clean Air Act, after EPA was told the analysis was faulty, contrary to Administration position, and economically illiterate.

Please let me know at your earliest convenience whether, when and how you would like this letter sent and any revisions to it you think may be desirable.

Withdrawal/Redaction Sheet

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Document No. and Type	Subject/Title of Document	Date	Restriction	Class.
05b. Letter	Draft letter from Michael Boskin to Bill Reilly Re: Clean Air Act (2 pp.)	n.d.	B5	

Collection:

Record Group: Bush Presidential Records
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DRAFT LETTER TO BILL REILLY FROM MJB
CLOSE HOLD

Dear Bill:

I was surprised and dismayed to learn from the Times and the Post about your statement last Thursday on the oil market implications of the clean air bills now pending in conference. As you know, I share your view that the conference can and should move quickly to produce an environmentally strong bill that does not impose needless costs on U.S. workers, firms, and consumers. Many good arguments can be and have been made in support of that view; the oil market impacts alleged in your remarks last Thursday are, unfortunately, not among them.

At the last EPC meeting and in other fora, I and others have explained at length and with some force to all agencies, including your people, why comparisons of potential oil saving or increased oil production to U.S. pre-invasion oil imports from Iraq and Kuwait make absolutely no economic sense, are potentially misleading, and should not be made in any Administration statements. The only economically sensible comparison is to total world supply, since oil is a fungible commodity traded in an active world market. The origins and destinations of crude oil flows can and do change rapidly as conditions change. Nonetheless, such a senseless comparison is made early in both the Times and Post reports on your remarks.

Because the Administration does not support the needlessly expensive, crash fuels programs in the House and Senate bills, CEA and DOE have made clear to EPA staff their opposition to any statement that could be interpreted as supporting those provisions. Moreover, as your staff should have informed you, DOE and the Congressional Research Service (among others) view those provisions as unworkable, likely to disrupt fuels markets seriously in the short and medium runs, and unlikely to produce anything like the oil import savings that EPA staff estimate. EPA nonetheless lobbied intensively, though unsuccessfully, to have those estimates included in the President's speech to Congress. Your endorsement of those estimates last Thursday, two days after that speech, undercuts Administration efforts to obtain a clean air bill with sound and workable fuels provisions.

Finally, you should have been told that your statement had not received the benefit of the usual interagency review process and that other knowledgeable and involved agencies would take strong exception to the numbers and analysis in your remarks. Such review is standard for all agencies, including CEA.

In contrast, even though your staff knew that DOE took strong exception to the estimates in your statement, no such review was performed in this case. Agencies that had raised serious technical objections to the EPA staff analysis learned only after

the fact, from the Times and the Post, that you had released and endorsed that analysis. Your staff is not serving you well when it presents you with technically inaccurate and misleading analysis and compounds the problem by bypassing the usual review process. In this instance, EPA staff has also undercut the Administration's efforts to obtain a clean air bill consistent with both a healthy environment and a sound economy.

I sincerely hope that this information will help EPA avoid such problems in the future and that you will make certain that your statements on economic impacts receive the benefit of the technical expertise of knowledgeable agencies, just as I will draw on EPA expertise when I address environmental impacts.

With best personal wishes,

Cordially,

Michael J. Boskin

RYA 12/1990

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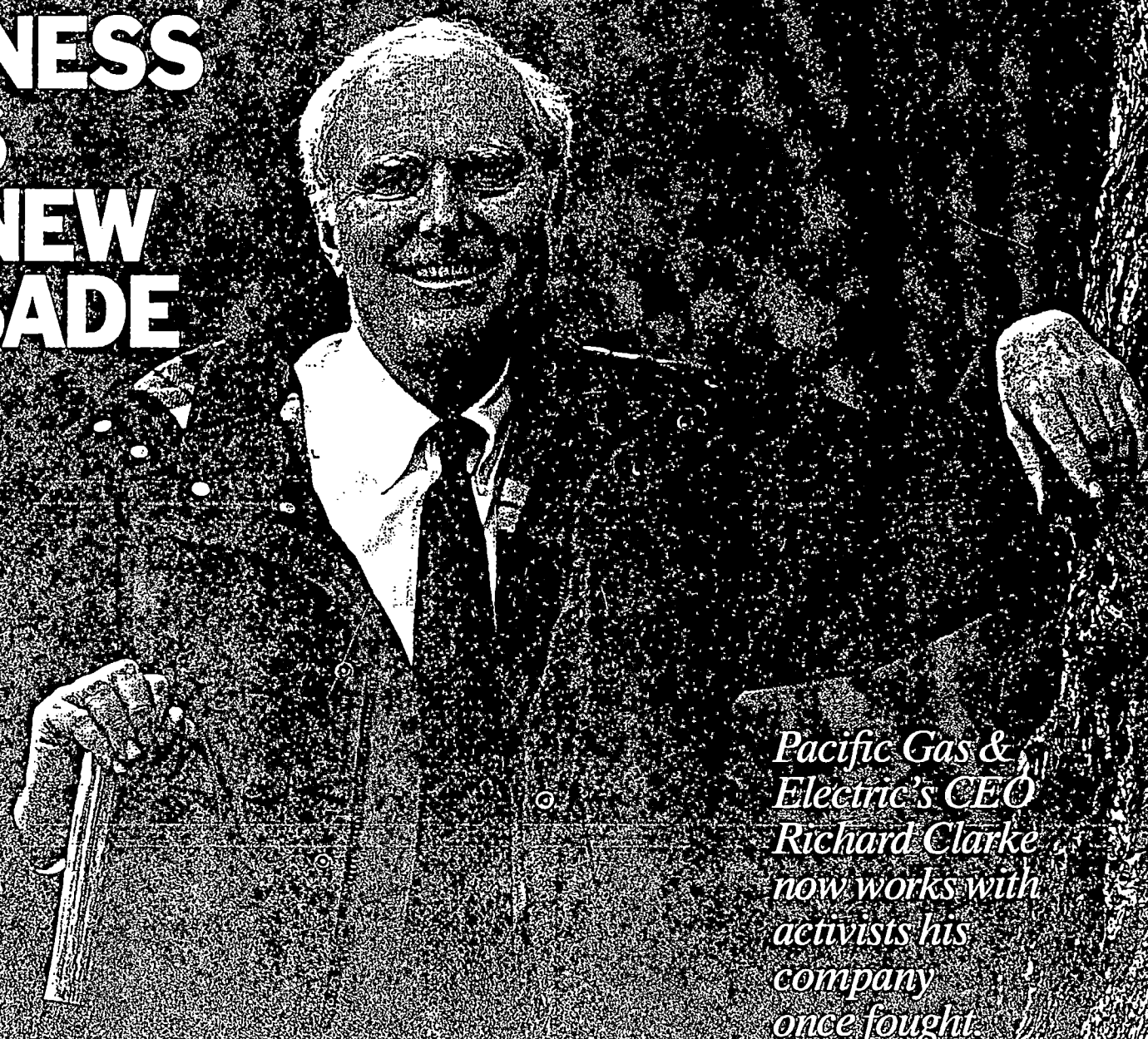
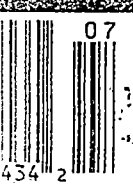
FORTUNE

THE ENVIRONMENT

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Pacific Gas & Electric's CEO Richard Clarke now works with activists his company once fought

ENVIRONMENTALISM

It may be the biggest business issue of the 1990s. Here's how some smart companies are tackling it. ■ by David Kirkpatrick

TREND SPOTTERS and forward thinkers agree that the Nineties will be the Earth Decade and that environmentalism will be a movement of massive worldwide force. How massive? Listen to Gary Miller, a public policy expert at Washington University in St. Louis: "In the Nineties environmentalism will be the cutting edge of social reform and absolutely the most important issue for business." Futurist Edith Weiner of the Manhattan management consulting firm Weiner Edrich Brown concurs: "Environmentalism will be the next major political idea, just as conservatism and liberalism have been in the past."

The smartest companies are not just facing this thunderous music, they're singing along. Consider:

■ Du Pont is pulling out of a \$750-million-a-year business because it may—just may—harm the earth's atmosphere.

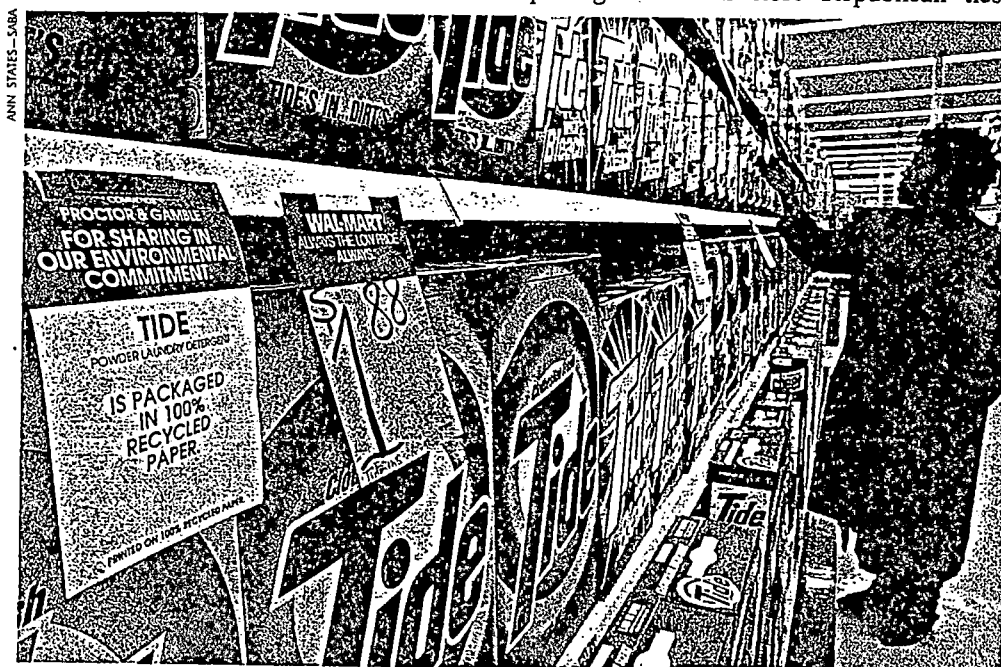
■ McDonald's, which produces hundreds of millions of pounds of paper and plastic waste annually, has become a crusading proponent of recycling, and aims to become one of America's leading educators about environmental issues.

■ 3M is investing in myriad pollution controls for its manufacturing facilities beyond what the law requires.

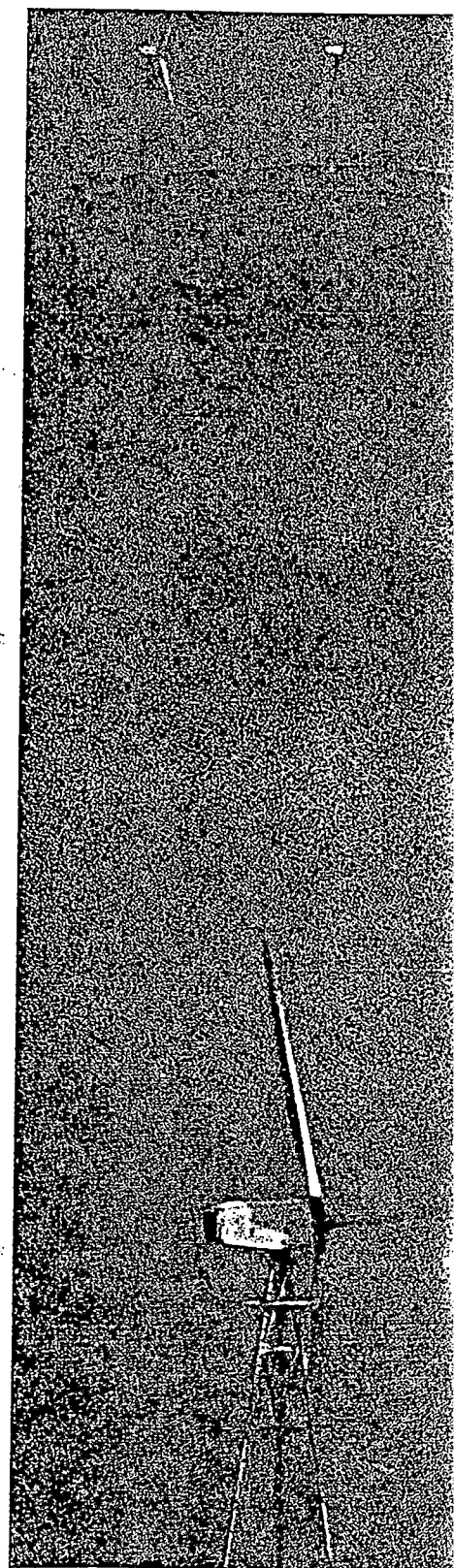
■ Procter & Gamble and other smart marketers are moving to cast their products in an environmentally friendly light (see box).

■ Pacific Gas & Electric teams up with environmental groups—some of them outfits it used to fight—to do joint projects, such as a \$10 million study of energy efficiency.

"The 1990s will be the decade of the environment." That's not the chief druid of Greenpeace talking, but rather the new president of the Petroleum Marketers Association of America in a November speech. Mere corporate ecobabble intended to placate the latest group of special-interest loonies? Any company that thinks that way will probably regret it. Exxon provides the obvious if inadvertent example of the bitter costs of seeming unconcerned about the environment. Not long after the March accident in Valdez, Alaska, 41% of Americans were angry enough to say they'd seriously consider boycotting the company. Bill McInturff, senior researcher at the Wirthlin Group, a polling firm with close Republican ties,

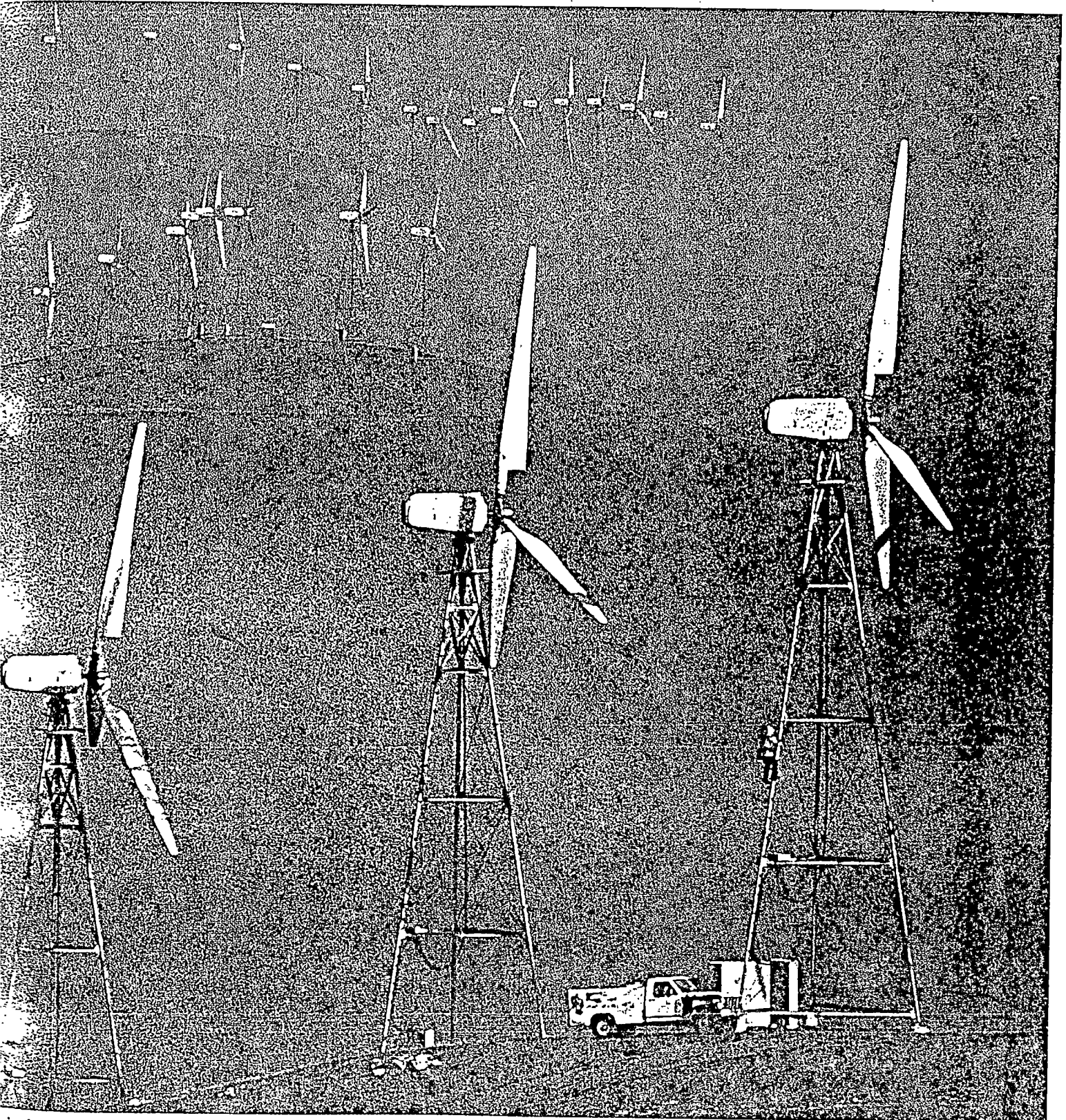


Wal-Mart has asked all its suppliers for more recycled or recyclable products, which it trumpets loudly.



Nudged by the Environmental Defense Fund, Pac

THE NEW CRUSADE



ric dropped plans for coal and nuclear plants, now buys some power from these California windmills, and courts environmentalists.

blames Exxon not for the accident but for its response: "It was a disservice to American industry the way the pullout last fall was handled. Exxon seemed satisfied with what they had accomplished. It hardened the notion that business is just interested in making a buck and doesn't give a damn. It flabbergasts me that a company that size doesn't get the drift." Even spending over \$1 billion on cleanup hasn't salvaged the oil giant's reputation.

Such salvage won't get any easier. The New York Times/CBS News poll regularly asks the public if "protecting the environment is so important that requirements and standards cannot be too high, and continuing environmental improvements must be made regardless of cost." In September 1981, 45% agreed and 42% disagreed with that plainly intemperate statement. Last June, 79% agreed and only 18% disagreed. For the first time, liberals and conservatives,

Democrats and Republicans, profess concern for the environment in roughly equal numbers.

Environmentalism is likely to continue as an issue at the forefront for several reasons. One is demographic. Says futurist Weiner: "The combination of baby-boomers having children and a significant part of the population moving into senior years means an enormous percentage of the population is taking the attitude of stewardship." The Gallup Organization reports that 49% of people over 50 feel strong identification with environmentalism, compared with 39% of those between 30 and 49 and 31% of those under 30. This reverses the pattern that prevailed during the country's last upsurge in environmentalism 20 years ago.

The new crusade will be different from the old in other ways as well. Miller of Washington University explains, "In the Sixties, environmentalism was the tail end of a period of social activism that was primarily based on civil rights and the antiwar movement," while now it's a movement of its own. The players are different. Far fewer activists of the 1990s will be embittered, scruffy, antibusiness street fighters.

AS AN EXAMPLE of the new breed, consider Allen Hershkowitz, who freely drops the names of his CEO acquaintances. As a solid-waste-disposal expert at the litigious Natural Resources Defense Council, Hershkowitz has won many legal battles with business. Now high-ranking executives of major companies regularly make the pilgrimage to his office in the elegant, airy, and amply funded New York City headquarters of NRDC, coming to him lest he go after them. As he explains, "They come in here to see what they've got to cover their asses on." The cocky 34-year-old Ph.D., who serves as an adviser to banks and Shearson Lehman Hutton, among others, elaborates, "My primary motivation is environmental protection. And if it costs more, so be it. If Procter & Gamble can't live with that, somebody else will. But I'll tell you, Procter & Gamble is trying hard to live with it."

Still, for all his militancy, Hershkowitz is no fanatic or utopian. He understands that a perfect world can't be achieved and doesn't hesitate to talk of trade-offs: "Hey, civilization has its costs. We're trying to reduce them, but we can't eliminate them." Environmentalists of this stripe will increasingly

REPORTER ASSOCIATE Alicia Hills Moore

In an innovative program, last fall McDonald's began asking customers at 100 New England outlets (this one is in Vermont) to dispose separately of polystyrene packaging—it's recyclable.



MARJANNE BACHELONA

show up even within companies. William Bishop, Procter & Gamble's top environmental scientist, was an organizer of Earth Day in 1970 and is a member of the Sierra Club. One of his chief deputies belongs to Greenpeace.

Eager to work with business, many environmentalists are moving from confrontation to the best kind of collaboration. In September an ad hoc combination of institutional investors controlling \$150 billion of assets (including representatives of public pension funds) and environmental groups promulgated the Valdez Principles, named for the year's most catalytic environmental accident. The principles ask companies to reduce waste, use resources prudently, market safe products, and take responsibility for past harm. They also call for an environmentalist on each corporate board and an annual public audit of a company's environmental progress.

The group asked corporations to subscribe to the principles, with the implicit suggestion that investments could eventually be contingent on compliance. Companies already engaged in friendly discussions included Du Pont, specialty-chemical maker H.B. Fuller, and Polaroid, among others.

Earth Day 1990, scheduled for April 22, the 20th anniversary of the first such event, is becoming a veritable biz-fest. "We're really interested in working with companies that have a good record," says Earth Day Chairman Denis Hayes, who predicts that 100 million people will take part one way or another. Apple Computer and Hewlett-Packard have donated equipment. Shaklee, the personal and household products company, paid \$50,000 to be the first official corporate sponsor. Even the Chemical Manufacturers Association is getting in on the act, preparing a list of 101 ways its members can participate. The more than 1,000 Earth Day affiliate groups in 120 countries propose to shake up politicians worldwide and launch a decade of activism.

THE MESSAGE that leading environmentalists are sending, and progressive companies are receiving, is that eco-responsibility will be good for business. Says Gray Davis, California's state controller, who helped draft the Valdez Principles and who sits on the boards of two public pension funds with total assets of \$90 billion: "Given the increasing regulation and public concern, there's no question that companies will eventually have to change their ways. The first kid on the block to em-

HOW ONE INVESTMENT FIRM RATES 25 COMPANIES ON THE ENVIRONMENT

INDUSTRY	COMPANY	RATING	1 = best, 5 = worst
CHEMICALS	H.B. Fuller	1.5	Environmental initiatives in HQ construction
	Monsanto	4.0	Pesticides, toxic dumps, offset by clean-air efforts
	W.R. Grace	5.0	Toxic dumps, several environmental lawsuits
COMPUTERS	Apple Computer	1.5	Recycles, lets environmental groups solicit on site
	IBM	3.5	High CFC emissions
ELECTRIC UTILITIES	Louisville Gas & Electric	2.0	Leader in installing smokestack scrubbers
	Southern	5.0	High SO ₂ emissions contribute to acid rain
ENVIRONMENTAL SERVICES	Safety-Kleen	2.5	Leading recycler of solvents and motor oil
	Wellman	2.5	Leading recycler of plastic
	Browning-Ferris	5.0	Numerous landfill violations
	Waste Management	5.0	Numerous landfill violations
FOREST PRODUCTS	Jefferson Smurfit	2.5	Leading recycler of paper
	Louisiana-Pacific	4.0	Air and water pollution violations
NATURAL GAS	Consolidated Natural Gas	2.5	Promotes new, clean-burning technologies
	Panhandle Eastern	4.0	Substantial PCB pollution problems
OIL	Amoco	2.0	Strong waste-minimization program
	Exxon	5.0	Poor response to Valdez oil spill
PHOTO EQUIPMENT	Polaroid	2.5	Strong waste-minimization program
	Eastman Kodak	4.0	Substantial leaks in Rochester sites
STEEL	Nucor	2.0	State-of-the-art mills, uses recycled metals
	Bethlehem Steel	4.0	Old mills with numerous environmental problems
OTHER	Wal-Mart Stores	2.0	Promotes environmental products, recycling
	Borden	4.0	Toxic dumps, air and water complaints
	General Electric	4.0	Major PCB cleanup problems
	General Motors	5.0	Toxic dumps, air and water problems

Franklin Research & Development of Boston, which calls itself a "socially responsible" investment firm and manages \$200 million, bases these ratings on several factors. Each company starts with a score of 3, which then rises or falls based on corporate actions that harm or help the environment.

brace these principles will increase market share and profit substantially."

While that's hard to prove, few dispute that farsightedness today will pay off tomorrow. Environmental regulations will continue to be tightened. Says Lester Lave, a professor of engineering and public policy at the Carnegie-Mellon business school: "If you build a plant that just squeaks past now, you'll have to pay much more money down the line."

That is partly why Minnesota Mining & Manufacturing is going beyond the call of duty and government deadlines. For example, new federal regulations require replacement or improvement by 1998 of underground storage tanks for liquids and gases. The company decided to comply by 1992 instead, and to have all tanks world-

wide in compliance by 1993. Cost: more than \$80 million. "Regulations are about to overwhelm us," says Robert Bringer, 3M staff vice president for environmental engineering and pollution control. "The only way we see to deal with that is to reduce the number of materials we emit that trigger regulation."

Chastened in part by Exxon's example, some corporate bosses don't see red when faced with green activists—they see themselves. One of Edgar Woolard's first acts after becoming CEO of Du Pont in April (just after the Valdez spill) was to deliver a speech in London entitled—and calling for—"Corporate Environmentalism." Said the top man of the chemical giant in remarks subsequently reprinted by the company on recycled paper: "Avoiding

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environmental incidents remains the single greatest imperative facing industry today." He bemoaned industry's lack of credibility on the issue and called for spending more money than "mere compliance" with laws would require.

Woolard now meets at least once a month with leading environmentalists, and his company is taking what seem dramatic steps demonstrating its concern. In March 1988, Du Pont announced that, based on new evidence that chlorofluorocarbons (CFCs) might be seriously depleting the Earth's ozone layer, it would voluntarily suspend all production of CFCs—a \$750-million-a-year business in which it leads the industry—by 2000, or sooner if possible. The company has already spent \$170 million developing safe compounds to replace CFCs in cleaning, refrigeration, and other uses. It is prepared to spend as much as \$1 billion on the best replacements discovered so far, but since even these compounds may slightly deplete the ozone layer, Du Pont wants guarantees that new plants will be allowed to function long enough to recoup the investment. Says Woolard: "In my opinion it has not been proven that CFCs are harmful to the ozone, but there is a fairly good probability, and we have to deal with that."

Evidence of increased environmental sensitivity is everywhere in Du Pont, perhaps partly because that's now one of the criteria in determining managers' compensation. The company voluntarily spends an estimated \$50 million each year on environmental projects beyond what the law requires, like the \$15 million it spent at a Texas plant to reduce the risk of dangerous gases being released. Du Pont's ultimate goal is zero pollution in all activities. While Woolard is certain this new priority will strengthen the company, he admits profits will suffer from the effort over the next few years.

Du Pont also sees business opportunity in environmental concern. Building on expertise gained in cleaning up its own plants, the company announced in early December the formation of a safety and environmental resources division to help industrial customers clean up toxic wastes. Management forecasts potential annual revenues of \$1 billion



PG&E's Clarke: He has an environmentalist on the board.

from the new business by 2000. Defensive actions sometimes pay off too. Faced with protests over the ocean dumping of acid iron salts off the coast of New Jersey, Du Pont halted a practice its scientists were convinced was harmless. It then discovered the salts could be sold to water-treatment plants.

At 3M, CEO Allen Jacobson directs that pollution-control installations be judged by their environmental benefit, not only by return on investment. But 3M too has learned that environmental controls often lead to cost savings. The company specializes in coated products (such as videotapes and pressure-sensitive tapes) whose manufacture has long emitted significant pollutants. It has saved well over \$1 billion since 1975 through a program called Pollution Prevention Pays. The program spotlights projects that reduce pollution as well as save money. Solvents that were once emitted to the atmosphere may be recycled and reused, or a

volatile solvent may be replaced by a water-based one, eliminating the need for costly air pollution control equipment.

If, as many predict, alliances between environmentalists and corporations are the wave of the future, Pacific Gas & Electric has already learned to surf. But it took practice. In the mid-1970s economists and lawyers from the Environmental Defense Fund started fighting the company's plan to build several giant coal and nuclear power plants. The environmentalists proposed instead a combination of smaller-scale generating facilities like windmills or cogeneration plants on the sites of regional businesses, combined with aggressive conservation measures.

THE BIG PLANTS were never built. A persistent EDF campaign of pressure at utility commission meetings and sophisticated television advertising came just as the price of fossil fuels started climbing dramatically. PG&E's resistance gradually melted. The company took several steps to conserve energy, and much of the rest of the electric industry eventually followed PG&E's lead. Says EDF attorney David Roe: "We spoke to them in their own language. We used their type of computer models, their financial analysis sheets. We weren't saying, do what's good for the environment and it will cripple you. We were saying, it will save you economically."

While the company says it would have eventually taken most of the actions EDF proposed anyway, it acknowledges that the give-and-take was beneficial. Says PG&E attorney Kermit Kubitz: "I think both sides may have been closer together than either side realized at the beginning." Echoes Roe: "The basic point is, there's usually a lot more common ground than either side realizes."

Today PG&E has a policy of aggressively seeking discussions and joint projects with any willing environmental group, even those that have opposed the company in the past. Its board includes Melvin Lane, a well-known West Coast environmentalist. In November, PG&E announced a \$10 million study, conducted in conjunction

Du Pont's Woolard: He's making zero pollution a company goal.



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with the Natural Resources Defense Council, among others, to improve efficiency in the use of electricity. And that computer model EDF developed to demonstrate the relationships between conservation and electricity costs—PG&E now rents it from EDF for about \$18,000 a year.

PG&E chief Richard Clarke believes that on the rocky coast of Northern California, where quality of life has long been a para-

mount public issue, he has seen America's environmental mood foreshadowed. A few guiding principles Clarke has learned:

- "Make environmental considerations and concerns part of any decision you make, right from the beginning. Don't think of it as something extra you throw in the pot."

- "Develop an internal cadre of environmentalists. They have minds of their own and will advocate things. They may not get

everything they want, but there certainly are occasions where they prevail."

- "Have a continuing dialogue with environmental groups."

- "Put someone on your board to help you factor in environmental issues."

- "Do these things because they are the right thing to do, not because somebody forces you to do them."

McDonald's might add another principle.

LEADING THE CRUSADE INTO CONSUMER MARKETING

There's money to be made catering to the public's mounting concern for the environment, as astute consumer marketers are beginning to learn. A July 1989 survey conducted for the Michael Peters Group, which provides consulting on products and design, found that 77% of Americans say a company's environmental reputation affects what they buy. Observes Howard Marder of the Hill & Knowlton public relations firm: "For the past 20 years the

tions to environmental marketing, and experts have little doubt the U.S. will soon follow. In mid-November, Procter & Gamble began test-marketing its first domestic product with an explicit environmental claim: Downy Refill comes in a 21½-ounce milk-carton-type container and is intended to be mixed with water in a used plastic Downy bottle to make 64 ounces of fabric softener. Prominently printed on the carton: "Better for the Environment . . . Less packaging to throw away." With a package 75% smaller, Downy Refill costs 10% less than regular Downy. It's too early to gauge the product's success.

For Wal-Mart, environmentalism is "a cause and not a marketing scheme," claims William Fields, the chain's executive vice president for merchandise. The giant discounter in July asked its 7,000 suppliers to provide it with more recycled or recyclable products. About 100 are already in stores, with labels (printed on recycled paper) explaining their supposedly beneficial features. K mart and at least a dozen small to medium-size grocery chains have announced similar programs. Experts suggest Wal-Mart and the others proceed slowly. Overeager green-marketing campaigns in Britain and Canada have been attacked by environmentalists for unsubstantiated or inappropriate claims.

The London-based Body Shop, with 14 outlets in the U.S., puts environmental concerns at its core and in the process finds its way to the green in customers' pockets. The skin- and hair-care stores display literature on ozone depletion next to sunscreens and fill their windows with information on issues like global warming. Every employ-

ee is assigned to spend half a day each week on activist work. Customers get discounts if they bring their old bottles back to the store for recycling. In 1988 the chain collected over a million signatures in Britain on a petition asking Brazil's President to save the rain forests. In 13 years the Body Shop has opened 420 stores in 38 countries. Sales for the year ended February 1989 were over \$90 million with pretax profits of about 20%.

Make sure your green-marketing claims amount to more than a fig leaf. British Petroleum got flak recently for promoting a new brand of unleaded gasoline in Britain with the claim that it caused "no pollution." It later apologized for what it called an inadvertent error. A plastic grocery bag used by some New York supermarkets says: "This 'Earth Sack' will begin degrading within 3 days of exposure to ultraviolet light . . . and will continue the process until it turns into a nontoxic environmentally safe dust." Scientists believe the statement can be misleading, and in landfills light can be in short supply anyway. Some environmentalists have targeted "degradable plastics" for protest.

In general, the more you tell your customers, the better off you'll be. Procter & Gamble environmental chief Geoff Place visited his brother's family in England recently and found them no longer using several P&G products because of environmental concerns. Later a family member told Place they'd started using Fairy Dishwashing Liquid again because P&G had improved it. In fact the company had simply added a statement on the label saying "Only biodegradable surface active agents are used in this product." That has been true since 1963.

The Body Shop sells causes and cosmetics.

environmental movement in the U.S. has focused on cleaning up damage. Almost overnight the focus is changing to prevention. Marketers had nothing to sell before, but now they can say, "Be part of the solution by buying our product." Among those now making just that pitch in the U.S.: Arco, Colgate-Palmolive, Lever Brothers, 3M, Procter & Gamble, and Sunoco.

Marketers with experience abroad have seen France and Britain quickly catch up to West Germany and Sweden in the responsiveness of their popula-



to the list: Educate your customers incessantly. Faced with growing protests over the volume of waste it generates, especially the polystyrene foam packaging used for hot food, the restaurant giant has taken major steps to reduce waste at the source, to recycle what's left, and to explain what it is doing. Just by making its drinking straws 20% lighter, the chain eliminated one million pounds of waste per year. In October, McDonald's began collecting polystyrene waste in 100 New England outlets and recycling it; the company intends to include all 450 regional stores in the plan by March. Customers are asked to put polystyrene containers, such as those for Chicken McNuggets or Big Macs, in special bins. All napkins in U.S. stores are now made from recycled paper, as are carry-out drink trays and office paper at headquarters.

Shelby Yastrow, the company's general counsel and point man on environmental issues, says that since polystyrene is 100% recyclable, it is better for the environment than paper, which theoretically degrades but most commonly ends up in anaerobic landfills—virtually no oxygen gets through—which may instead preserve it for decades. Paper is also significantly bulkier than plastic in most uses, thus creating more waste. "Everything I look at tells me plastic is better," says Yastrow. "I have a little trouble convincing my children or my neighbors, but the scientific community isn't a problem."

To correct the misconceptions of those kids and neighbors and their peers nationwide, the company is embarking on a major educational campaign. McDonald's is describing its efforts and explaining recycling on the paper liners on customers' trays, in advertising, in brochures it hands out in stores, and in mailings to school teachers. That's a lot of describing and explaining: McDonald's serves 18 million customers in the U.S. each day, making its tray liners alone one of the largest of the nation's mass media.

EVEN IF IT IMPROVES public understanding of solid waste, McDonald's will continue to confront one of the nagging realities of the new environmentalism: Grass-roots local groups, many of them misinformed, wield increasing disruptive power. Says David Stephenson, a Boston public relations consultant who specializes in corporate environmental strategy: "The grass-roots groups are concerned about the value of

their homes and the health of their children. That means they are relentless. In general, unlike the mainstream environmental groups, they are not interested in compromise or mediation." McDonald's successfully confronted antipolystyrene picketing at several of its Vermont stores with an aggressive local educational campaign. By the end, local activists were asking that the company convert its paper cold-drink cups to plastic.

ONE LESSON from the company's experience: Don't ever assume you've solved an environmental problem. As knowledge evolves, attitudes change, and so do solutions. McDonald's switched from paper to polystyrene packaging for Big Macs and other sandwiches in 1976 largely because the public was worried about cutting trees and the energy that paper production consumed. As recently as the early Seventies, CFCs, one of today's leading environmental villains, were believed to be a harmless and inert triumph of modern chemistry.

You have to keep looking ahead—way ahead. For gutsy environmental farsightedness, few companies can top Applied Energy Services. The private, Virginia-based power-plant management firm donated \$2 million in 1988 for tree planting in Guatemala to compensate for a coal-fired plant it was building in Connecticut. The trees, which of course consume carbon dioxide, are intended to offset the plant's emissions of the gas, which may lead to global warming. Says CEO Roger Sant: "We pride ourselves on being part of the solution, not part of the problem. We weren't trying to do any more than save our own guilt, I guess." The company expects to couple tree-planting programs with all seven new plants on its drawing boards. Several large outfits have contacted Sant to ask his help in refining similar plans.

One recent weekday afternoon, three men walked out of the Environmental Defense Fund's midtown Manhattan office on their way to have lunch together. On the left was EDF's senior economist. On the right was an environmental expert in the Soviet government. Between them was a businessman, a trader in the nascent enterprise of buying and selling pollution rights. Together that trio forms a picture of how the new environmentalism is shaping up: global, more cooperative than confrontational—and with business at the center.