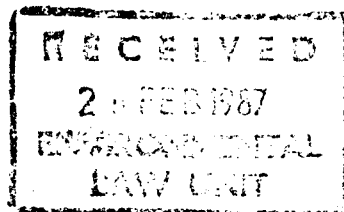


Received from Mr. Vamosz-Goldman,  
Commission, 25.2.87 8:00 a.m.

File # 2012  
Canadian High  
CAP  
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9:00  
62.

2.01. WHAT QUANTITATIVE VALUE DO YOU CONSIDER MIGHT BE ASSIGNED TO THE GLOBAL EMISSION LIMIT (GEL)?

A1. WHEREAS IT IS POSSIBLE THAT AD HOC WORKING GROUP COULD AGREE ON A GEL FOR USE IN THE NEAR TERM, WHICH COULD BE ACHIEVED BY A FREEZE OR CUT-BACK IN CFC 11 AND 12 AND NOTHING MORE, WE WOULD PREFER TO MAINTAIN THE SCIENTIFIC INTEGRITY OF CONCEPT OF GEL. THEREFORE, GEL VALUE SHOULD BE CAREFULLY DEVELOPED WITH OBJECT OF ESTABLISHING LONG TERM CONTROLS ON ALL OZONE MODIFYING SUBSTANCES. THE DETERMINATION OF AN APPROPRIATE GEL WILL REQUIRE BOTH SCIENTIFIC AND RISK ASSESSMENTS, AS WELL AS ULTIMATELY REQUIRING POLICY DECISIONS AT NATIONAL AND INTERNATIONAL LEVELS. SOME OF INFO FOR THIS TASK EXISTS NOW-SOME WILL HAVE TO BE OBTAINED. WE ARE OF THE VIEW THAT A GEL SHLD BE RECOMMENDED TO AD HOC WORKING GROUP BY A DESIGNATED GROUP OF EXPERTS BASED ON SCIENTIFIC CONSIDERATIONS



Per Mr. Vamosz-Goldman:

Canada is willing to make formal offer to host ozone diplomatic conference

PROVIDED:

- 1) Cost does not exceed \$100,000
- 2) Conference is held 1st week in September

CAP

ALONE, THIS VALUE WOULD THEN BE THE SUBJECT OF NEGOTIATION AMONG

STATES CONCERNED, PERHAPS AT DIPLO CONF. IN THE CON VIEW, A GEL IS ESSENTIALLY A PREDICTION OF WHAT THE ENVIRONMENT MIGHT TOLERATE AND SHOULD NOT/NOT BE CONFUSED WITH EMISSION LEVELS ASSOCIATED WITH PRODUCTION FREEZES OR PHASE OUTS.

2.Q2. HAS AN ANALYSIS BEEN MADE OF DIFFERENT NATIONAL EMISSION LIMITS(NEL) TO BE ASSIGNED BASED ON THE FORMULA SUGGESTED?

A2. YES, A LIMITED ANALYSIS HAS BEEN UNDERTAKEN USING THE QUOTE WORLD BANK ATLAS 1986 UNQUOTE (BASE YEAR 1983). GNP STATISTICS WERE AUGMENTED (EG FOR EASTERN BLOC COUNTRIES) USING DATA FROM THE INTERNATIONAL MONETARY FUND. AS WE LACK COMPLETE PRODUCTION AND CONSUMPTION DATA FOR INDIVIDUAL COUNTRIES, IT IS NOT/NOT POSSIBLE TO RELIABLY ESTIMATE THE IMPACT OF A GIVEN GEL ON MANY NATIONS. NONETHELESS, WE ARE PREPARED TO TABULATE NEL DATA FOR VARIOUS ASSUMED GEL VALUES SUBJECT TO THE LIMITATIONS MENTIONED ABOVE.

3.Q3. WHAT ARE YOUR SUGGESTIONS FOR COMBINING PROPOSALS CONCERNED WITH THE SETTING OF ANNUAL EMISSION LIMITS?

A3. THE PHASE OUT PORTION OF THE USA PROPOSAL AND THE CANADIAN PROPOSAL APPEAR TO BE BASED ON DIFFERENT CONCEPTS WHICH MAY BE DIFFICULT TO CONSOLIDATE. THE U.S. PHASE OUT APPROACH PRECLUDES THE NECESSITY OF DETERMINING A GEL AND AVOIDS AN ALLOCATION MECHANISM. IT ASSUMES AN ABILITY TO REPLACE EXISTING OZONE MODIFYING SUBSTANCES (OMS) WITH ALTERNATIVES WHICH ARE NOT/NOT DELETERIOUS TO THE

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OZONE LAYER. THE USA PHASE OUT SCHEDULE CLD, THEREFORE, BE DETERMINED  
ULTIMATELY BY INDUSTRIAL, NOT/NOT SCIENTIFIC, CONSIDERATIONS. CDN  
APPROACH IS SCIENCE DRIVEN AND INCREMENTAL IN NATURE. IT RECOGNIZES TH  
E  
UNCERTAINTIES WHICH CONTINUE TO EXIST REGARDING THE OZONE DEPLETION  
ISSUE, FOR EG, SMALLER, LESS STRINGENT, STEPS THAN ARE NOW  
CONTEMPLATED MIGHT BE APPROPRIATE IF THE SCIENCE DOES NOT/NOT CONTINU  
E

TO OFFER CONVINCING EVIDENCE OF HARM. THE U.S.A., HAVE, HOWEVER, STATED  
THEIR SUPPORT FOR A COMPREHENSIVE LONG-TERM STRATEGY AND CLEAR  
OPPORTUNITIES FOR CONSENSUS BUILDING EXIST IN THIS AREA, IT MAY BE  
APPROPRIATE, THEREFORE, TO CONSIDER SHORT AND LONG TERM STRATEGIES  
FOR A CONTROL PROTOCOL. ON A 2-5 YEAR TIME SCALE, AGREEMENT MIGHT BE  
REACHED QUICKLY TO LIMIT OR REDUCE PRODUCTION OR USE OF A LIMITED  
NUMBER OF OMS, FOR EG, SUCH A STRATEGY COULD INCLUDE EITHER A  
FREEZE OR A PHASE OUT OF CFCs 11 AND 12 AS PROPOSED. FORMAL  
NEGOTIATIONS MIGHT THEN CONTINUE TO DEAL WITH THE PROBLEM IN THE  
LONGER TERM AND OVER A MORE COMPLETE RANGE OF SUCH SUBSTANCES. THE  
CDN CONTROL PROTOCOL PROPOSAL WAS DESIGNED WITH THE LONG TERM IN  
MIND AND MAY OFFER THE MOST COMPREHENSIVE BASIS FOR DEALING WITH  
THE PROBLEM IN THAT TIME FRAME.

4.Q4. COULD YOU INDICATE YOUR VIEWS ON THE EASE OF IMPLEMENTATION OF  
CONTROLS BASED ON A GEL?

A4. THE ESTABLISHMENT OF A GEL, IN OUR VIEW, IS, A DIFFICULT BUT  
ESSENTIAL TASK. THE DIVISION OF THIS GLOBAL LIMIT INTO NATIONAL

LIMITS IS NECESSARY IF THE PROTOCOL IS TO EMPLOY USE, RATHER THAN PRODUCTION, AS A MEANS OF CONTROL. THERE ARE MANY WAYS OF ACCOMPLISHING THIS TASK - THE CDN APPROACH IS ONLY ONE POSSIBILITY. MOREOVER, WHILE THE CDN ALLOCATION SCHEME HAS DRAWN SOME CRITICISM, IT IS, IN OUR VIEW, BOTH FAIR AND SUFFICIENTLY FLEXIBLE TO BE ABLE TO RESPONDE TO FURTHER INDUSTRIAL GROWTH. THE CDN APPROACH, IF ADOPTED AS A LONG TERM STRATEGY, WOULD REQUIRE STATES TO MONITOR LEVELS OF PRODUCTION AND IMPORTS IN ORDER TO ENSURE THAT NATIONAL EMISSION LIMITS ARE NOT/NOT EXCEEDED. AS THESE FIGURES ARE READILY AVAILABLE, THIS SHLD NOT/NOT POSE DIFFICULTIES. WE WLD ENVISAGE STATES REPORTING TO A DESIGNATED INTERNATIONAL AGENCY ON COMPLIANCE LEVELS. THE ACTUAL GLOBAL ACCOUNTING AND AUDITING COULD BE UNDERTAKEN BY THIS SAME DESIGNATED AGENCY (PERHAPS WHO) BASED ON REPORTS FROM STATES. THE DATA COULD THEN BE CORRELATED WITH CURRENT KNOWLEDGE OF STRATOSPHERE COMPOSITION AND TREND ANALYSIS TO PRODUCE A REVISED GEL.

5. ADVANTAGES OF CDN APPROACH ARE, IN OUR VIEW, AS FOLLOWS:

A) SINCE IT IS BASED ON QUOTE RELEASE UNQUOTE, IT DIRECTLY RESPONDS, IN

A MEASURABLE WAY, TO SCIENTIFIC REQUIREMENTS FOR CONTROL=

B) IT ADDRESSES THE GLOBAL NATURE OF THE PROBLEM IN AN EQUITABLE WAY BY PROTECTING THE FUTURE INTERESTS OF LESSER DEVELOPED COUNTRIES (POPULATION ELEMENT), WHILE RECOGNIZING THE ECONOMIC REALITIES OF DEVELOPED NATIONS (GNP ELEMENT)=

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C) IT CAN BE ADJUSTED EASILY TO REFERENCE OTHER OZONE-MODIFYING SUBSTANCES ON A QUOTE WEIGHTED BASIS UNQUOTE AND TO ACCOMMODATE A PERIODIC REVIEW OF THE GEL=

D) IT RESPECTS THE SOVEREIGNTY OF INDIVIDUAL NATIONS BY ALLOWING THEM, IN EACH CASE, TO DECIDE ON WHAT MEANS TO IMPLEMENT THE CONTROLS I N

ORDER TO LIMIT EMISSIONS.

E) TRADE INTERFERENCES ARE MINIMIZED. IT IS THE OVERALL RELEASE OF OZON E

MODIFYING SUBSTANCES, RATHER THAN QUESTIONS ONLY OF IMPORTS AND EXPORTS, THAT IS SIGNIFICANT. ELEMENTS OF THE CDN PROPOSAL THEREFORE

ADDRESS NORDIC AND USSR CONCERNS THAT THERE SHOULD ALSO BE SOME

CONTROL ON CONSUMPTION, IE, EVEN IF A COUNTRY DOESNT PRODUCE OZONE

MODIFYING SUBSTANCES, THEIR IMPORTS WILL BE INCLUDED IN THE

QUOTE ADJUSTED PRODUCTION UNQUOTE EQUATIONS OF THE CDN PROPOSAL.

F) IT LEAVES OPEN THE OPTION OF FURTHER PRODUCTION RESTRICTIONS IF ADVANCES IN RECOVERY TECHNOLOGY PRECLUDE RELEASE.

G) IT PROVIDES INCENTIVES FOR LDCS TO RATIFY THE PROTOCOL BECAUSE A CREDIT FOR EXPORTS IN THE QUOTE ADJUSTED PRODUCTION UNQUOTE ELEMENT O

F THE EQUATION IS ALLOWED ONLY IF THE COUNTRY OF EXPORT IS A PARTY.

H) IT PROVIDES A GLOBAL QUOTE SAFETY FACTOR UNQUOTE VIS-A-VIS THE GEL. FOR EG, SOME OF THE LESSER DEVELOPED COUNTRIES WHICH WILL BE

RESERVED A QUOTA, MAY NEVER CONSUME IT. THE SAFETY FACTOR IS

THEREFORE THE 0-25 PERCENT OF THE GEL RESERVED TO THEM.

I) IT PLACES THE CONTROL BURDEN SQUARELY ON THE SHOULDERS OF THE POLLUTERS.

6. WE ARE ALSO CONSIDERING RESTRUCTURING THE PROTOCOL TO ALLOW SCHEDULING OF THREE CATEGORIES OF CHEMICALS SO AS TO SEND A CLEAR ADVANCE SIGNAL TO INDUSTRY. THE INTENT WOULD BE TO PROVIDE A REGIME FOR THE ORDERLY PROGRESSION OF CHEMICALS FROM SCHEDULE (3) TO SCHEDULE (1). FOR EG, SCHEDULE (1) WLD INCLUDE CHEMICALS SPECIFICALLY REGULATED OR CONTROLLED VIA THE PROTOCOL OR WHICH ARE TO BE INCLUDED IN CALCULATION OF GEL.

SCHEDULE (2) WLD INCLUDE CHEMICALS WHICH HAVE BEEN DETERMINED TO POSE A SEVERE THREAT AND MAY REQUIRE FOCUSED CONTROLS (MOVEMENT TO SCHEDULE 1) IF GROWTH CONTINUES UNABATED (EG CFCs 113, 114, HALONS).

SCHEDULE (3) WLD INCLUDE OTHER CHEMICALS WHICH ARE SUSPECTED OF CONTRIBUTING TO THE PROBLEM AND NEED TO BE FLAGGED FOR PRIORITY STUDY AND EVALUATION. (IF FOUND TO BE A PROBLEM THEY WOULD MOVE TO SCHEDULE 2).

ADDITIONS OR DELETIONS TO THE SCHEDULES COULD BE MADE PERIODICALLY IN ACCORDANCE WITH THE EMERGING SCIENCE BASED ON RECOMMENDATIONS OF GROUP OF DESIGNATED EXPERTS.

7. IN OUR VIEW, THE SUITABILITY OF ANY POTENTIAL COMPROMISE PROTOCOL SHOULD BE EVALUATED AGAINST THE FOLLOWING CRITERIA:

- THE LEVEL OF CONTROL IMPLIED AND THE DOMESTIC IMPACTS
- THE LEVEL OF PROTECTION IMPLIED (NOW AND IN FUTURE)
- THE ABILITY FOR INDEPENDENT ASSESSMENT OF EFFICACY AND PERIODIC REVIEW AND ADJUSTMENT, WHEN NECESSARY

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-ABILITY TO INCLUDE LDOS

-MINIMIZATION OF IMPACTS ON WORLD TRADE

-PROTECTION OF SOVEREIGN RIGHTS

WE TRUST THESE OBSERVATIONS ARE HELPFUL AND ARE PREPARED TO PROVIDE  
ANY FURTHER CLARIFICATION OR INFORMATION AS REQUIRED.