

PENDING REVIEW IN ACCORDANCE WITH E.O. 13233

Ronald Reagan Library

Collection Name BAKER, HOWARD: FILES

Withdrawer

SMF 4/24/2007

File Folder ACID RAIN (2)

FOIA

F97-066/4

Box Number 1

ID	Doc Type	Document Description	No of Pages	Doc Date
2	MEMO	DOMESTIC POLICY COUNCIL TO RR RE ACID RAIN OPTIONS (F97-066/4)	6	3/9/1987
10	MEMO	DUPLICATE OF F97-066/4 #16 (F97-066/4 #31)	2	11/25/1987

5/20/09 EOB

Withdrawal/Redaction Sheet

Ronald Reagan Library

Case:1078

Archivist: Kelly Barton

DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
1	Memo of Conversation NSC #: 90312 WHORM Subject #: To: From: Subject: re 4/5/87 meeting with Prime Minister Mulroney Restriction : FOIA(b)1	ND <i>PART 3/20/06</i>	4 <i>ULSF97-066/4 #23</i>		01-14-2003
2	Memorandum NSC #: WHORM Subject #: To: the President From: Domestic Policy Council Subject: re acid rain options for meeting with Prime Minister Mulroney Restriction : FOIA(b)1	03-09-1987 <i>R u u</i>	6		02-24-2003 <i>#24</i>
3	Memorandum NSC #: WHORM Subject #: To: the President From: Domestic Policy Council Subject: re Joint Report of Special Envoys on Acid Rain (pp. 4-7 only) (document pending further review) Restriction :	ND	4		02-24-2003

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

TITLE: Acid Rain (2)

OA/ID NUMBER: 1

BOX NUMBER: 1

Folder #: 2 of 17

Restriction Codes

Presidential Records Act - [44 U.S.C. 2204(a)]
 PRA-1 -National Security Classified Information.
 PRA-2 -Relating to the appointment to Federal Office.
 PRA-3 -Release would violate a Federal statute.
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 C. -Closed in accordance with restrictions contained in donors' deed of gift.
 PRM. -Closed as a personal record misfile.

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 FOIA(b)(9) -Release would disclose geological or geophysical information concerning wells.

DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
4	Letter	03/09/1987	1		01-14-2003
	NSC #: WHORM Subject #: <i>D</i> To: President From: Brian Mulroney Subject: (advance copy) Restriction : FOIA(b)1 <i>3/2/6 ULSF97-066/4 #25</i>				
5	Memorandum	11/20/1987	1		01-14-2003
	NSC #: 8617 WHORM Subject #: <i>R</i> To: Nancy Risque From: Grant Green Subject: re letter from PM Mulroney Restriction : FOIA(b)1 <i>v ~ #26</i>				
6	Memorandum	11/20/1987	1		01-14-2003
	NSC #: 8617 WHORM Subject #: <i>L</i> To: Frank Carlucci From: Melvyn Levitsky Subject: re letter from Prime Minister Mulroney on acid rain Restriction : FOIA(b)1 <i>~ ~ #27</i>				
7	Letter	11/16/1987	1		01-14-2003
	NSC #: WHORM Subject #: <i>D</i> To: Reagan From: Brian Mulroney Subject: re acid rain Restriction : FOIA(b)1 <i>~ ~ #28</i>				

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

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8	Letter	11/25/1987	1		01-14-2003
	NSC #: WHORM Subject #: <i>R</i> <i>3/2/06</i> <i>NJSE97-066/4 #29</i> To: Brian Mulrone From: Reagan Subject: Mulrone's Nov. 16 letter Restriction : FOIA(b)1				
9	Letter	11-23-1987	1		01-14-2003
	NSC #: WHORM Subject #: <i>R</i> <i>u</i> <i>u</i> <i>#30</i> To: H. Baker From: John Whitehead Subject: re response to Mulrone proposal Restriction : FOIA(b)1				
10	Memorandum	11/25/1987	2		01-14-2003
	NSC #: WHORM Subject #: <i>R</i> <i>u</i> <i>u</i> <i>#31</i> To: President From: Nancy Risque Subject: re acid rain policy guidance Restriction : FOIA(b)1				
11	Memorandum	11-25-1987	1		01-14-2003
	NSC #: WHORM Subject #: <i>R</i> <i>u</i> <i>u</i> <i>#32</i> To: Secretary of State From: Reagan Subject: Restriction : FOIA(b)1				

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

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DOC	TYPE	DATE	PAGES	CLASS.	CLOSED
12	Memorandum	12/02/1987	1		01-14-2003
	NSC #: WHORM Subject #:	R	3/21/06	NSL 97-066/4	#33
	To: Ralph Bledsoe				
	From: Richard J. Smith				
	Subject: re Ottawa BACG meeting				
	Restriction : FOIA(b)1				
13	Talking Points/Briefing Paper	ND	2		01-14-2003
	NSC #: WHORM Subject #:	L	~	~	#34
	To:				
	From:				
	Subject: re Agenda Item 2 (draft with edits)				
	Restriction : FOIA(b)1				

COLLECTION: Baker, Howard H. Jr.: Files

SERIES: I. Subject File

TITLE: Acid Rain (2)

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THE WHITE HOUSE

WASHINGTON

April 23, 1987

MEMORANDUM FOR KENNETH M. DUBERSTEIN

FROM: NANCY J. RISQUE *Nancy*

SUBJECT: EPA Testimony and Questions

Lee Thomas spent two hours yesterday before Mitchell's committee. The press extrapolated from the two hours what they wanted from Mitchell's rhetoric, which is aimed at proving to the Canadians (and like-minded Members) that the President doesn't intend to do anything and so they should help lobby his \$12 million for reduction programs. Specifically, Mitchell tried to show:

1. That the President's announcement was aimed at helping Mulroney politically and that he did not intend to do anything more. Lee flat out told Mitchell that he was wrong, but did not commit to legislation, i.e. an emissions reduction program. He said that in the process of "considering an accord," changes in policy and law would be reasonably considered.
2. That Lee's position on the "science" was inconsistent with the President's position on an accord. That is to say Lee's position (and current Administration position) is that if the existing science doesn't conclude that we should have an emissions reduction program (which is the current policy), why would we seek an accord? Lee's response was that he supports the President's efforts in considering an accord and that from a policy standpoint the steps emanating from such an effort would be desirable in on-going, comprehensive acid rain policy review. Lee would not, however, prejudge the outcome.

Ken, he clearly did support the President, but that wasn't the issue.... Mitchell (and others, and the Canadians) want a mandated emissions reduction program legislated now. Lee would not give ground on such a program.

From: WH-PA (EOP303) Posted: Wed 8-Apr-87 11:03 EDT
Sys 64 (53)
Subject: acid rain

April 8, 1987

Memorandum for Senior Communications Officials

From: Tom Gibson
Director of Public Affairs

Re: The President's Acid Rain Statement

What follow's are the President's remarks on an "Acid Rain Accord" taken from his remarks to the Candian Parliament on Monday April 6, 1987.

One area of particular concern to all Canadians, I know, is the problem of acid rain. When the Prime Minister and I met in Quebec two years ago, we appointed two distinguished envoys, Bill Davis and Drew Lewis, to examine the problem. They issued a joint report, which we have endorsed, and we're actively implementing many of their recommendations.

The first phase of our clean coal technology program is underway -- the beginning of a \$6 billion commitment through 1992; and I have asked Congress for the full share of Government spending recommended by the envoys -- \$2.5 billion -- for the demonstration of innovative pollution-control technologies over the next five years.

Literally thousands of firms and millions of jobs will be affected by whatever steps we take on this problem -- so there are no quick and easy answers. But working together, we have made an important start, and I am convinced that, as in the past, our disputes will bring us closer as we find a mutual accord, our differences will become only another occasion for cooperation. Let me assure you that your concerns are my concerns.

(Two papagraphs follow here on other items.)

Let me add a word, if I can, about our discussions today on two issues of critical interest to our two countries. The Prime Minister and I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain building on the tradition of agreements to control pollution of our shared international waters. The Prime Minister and I also had a full discussion of the Arctic waters issue. And he and I agreed to inject new impetus to the discussions already underway. We are determined to find a solution, based on mutual respect for sovereignty, and our common security, and other interest.

~~SECRET~~

NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20506

SYSTEM II
90312
ADD-ON TWO

DECLASSIFIED
White House Guidelines, August 28, 1997
By CDB NARA, Date 5/6/03

April 8, 1987

ACTION

MEMORANDUM FOR FRANK C. CARLUCCI

FROM: FRITZ W. ERMARTH *FWE*

SUBJECT: Memorandum of Conversations with Brian Mulroney
April 5, 1987

RECOMMENDATION

That you review and approve the attached Memorandum of Conversation and authorize Grant Green to sign the memo at Tab I transmitting the MEMCON at Tab A to State and Defense.

Approve _____

Disapprove _____

Prepared by: *TWC*
Tyrus W. Cobb

Attachments

Tab I Grant Green's Memo to State and Defense
Tab A MEMCON

~~SECRET~~
Declassify on: OADR

MEMORANDUM FOR MELVYN LEVITSKY
Executive Secretary
Department of State

COL JAMES F. LEMON
Executive Secretary
Department of Defense

SUBJECT: Memorandum of Conversation, The President's
Meeting with Prime Minister Mulroney of Canada,
April 5, 1987 (U)

Attached at Tab A is the Memorandum of Conversation of
President Reagan's private meeting with Canadian Prime Minister
Brian Mulroney. (U)

Grant S. Green, Jr.
Executive Secretary

Attachment

Tab A MEMCON

THE WHITE HOUSE
WASHINGTON

SYSTEM II
90312
ADD-ON TWO

MEMORANDUM OF CONVERSATION

SUBJECT: Meeting with Prime Minister Brian Mulroney (U)

PARTICIPANTS: The President
Tyrus W. Cobb, Notetaker

Prime Minister Mulroney
Derek Burney, Notetaker

DATE, TIME AND PLACE: April 5, 1987, 4:55 - 5:31 p.m.
Rideau Hall

The Prime Minister opened the private meeting by warmly greeting President Reagan. Mulroney said that he went on American TV this morning and stressed the warmth of the relationship Canada and the United States enjoyed. He added that some critics in Canada like to make points by casting stones against the United States. He would not be counted as one of them; he was not a fair weather friend.

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Declassify on: OADR

DECLASSIFIED IN PART
NLS F97-066/4 #23
By CU, NARA, Date 3/20/06

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The President said that he knew there were many items on the agenda that needed to be addressed. He would like to initiate the discussions by mentioning an issue that he knew was sensitive in Canada; he wanted to raise it privately with Mulroney. This involved the important question regarding Canadian policy to restrict film distribution by U.S.-owned companies. The President said this new policy was discriminatory and would distort trade. We were particularly concerned about this issue because this practice could quickly spread throughout the world.

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The Prime Minister said he wanted to raise two points. On acid rain, the President had certainly heard enough. He added, however, that as far as he was concerned the Envoys' Report was only part of the solution. Canada would continue to seek standards and reductions of emissions.

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The President continued that he felt that our investigation into this problem would continue to turn up some rather unusual conclusions. For example, we were shocked to find out that the prevention of forest fires had actually contributed to the problem. In the past, these fires had left a deep base of ash that served to cleanse the acidic rainfall. The absence of this base had removed an important cleansing mechanism. Further, we know that if the lakes are undergirded by limestone that much of the acid will be neutralized. However, those areas which have a granite geologic foundation do not fare as well. The President concluded that we aren't certain what the ultimate solution will be. He said it is possible that we may have to resort to liming the lakes. (S)

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The President responded that in addition to the \$2.5 billion we were committing we wanted to get Canadian representation on our panels. He said this was not a problem just for Canada -- he said we were poisoning our own lakes too. The Prime Minister replied he was not looking for any favors here but simply to agree to move toward a treaty. It was necessary to get some of the President's Democratic critics on board. The President said

THE WHITE HOUSE

WASHINGTON

April 27, 1987

MEMORANDUM FOR HOWARD H. BAKER, JR.

FROM: T. KENNETH CRIBB, JR.
NANCY J. RISQUE

SUBJECT: Acid Rain

ISSUE:

Implementation of the President's announcement regarding acid rain in Canada on April 5-6.

BACKGROUND:

In Ottawa on April 6, the President announced: The Prime Minister and I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain building on the tradition of agreements to control pollution of our shared international waters." As a first step in implementing this announcement, decisions are needed on the interagency process for carrying out the President's request and for engaging the Canadian Government in discussions.

Attached for your information is a copy of the President's announcement in March, detailing our current commitments.

RECOMMENDATION:

1. The DPC should continue to be charged with the review and development of the policy options.
2. The Bilateral Advisory and Consultative Group on Transboundary Air Pollution (BACG), which was set up in accordance with recommendations by the Special Envoys on Acid Rain, should continue to be the primary point of contact between the U.S. and Canada. (The U.S. part of the BACG includes all departments and agencies with a significant interest in this issue -- State, Energy, Interior, Justice, Agriculture, EPA, NOAA, CEQ, NSC, and OMB. The BACG worked through the Domestic Policy Council for its policy guidance in preparation for the Shamrock Summit.)

3. The timing for completion of the DPC policy review and proposals should be synchronized with the work and timetable of the Vice President's Task Force on Regulatory Relief, which is due in mid-August. Such a schedule would bring the issue before the President in early to mid-September.

Attorney General Meese and NSC Advisor Frank Carlucci concur with this recommendation.

 APPROVE
5/5/87

_____ DISAPPROVE

cc: Kenneth M. Duberstein

Attachment

For Immediate Release

March 18, 1987

STATEMENT BY THE PRESIDENT

I am pleased to announce today several steps being taken to ensure that the United States continues to work closely with the Canadian government in determining and addressing the environmental effects of acid rain. These actions resulted from a review of this issue I directed my Domestic Policy Council to undertake and are consistent with the recommendations made by the Joint Envoys on Acid Rain, Drew Lewis of the United States and William Davis of Canada. Prime Minister Mulroney and I endorsed their recommendations in March 1986.

This past year, government-to-government coordination and research cooperation with Canada on acid rain problems have been substantially strengthened, as recommended by the Envoys. The Administration also has implemented the initial phase of the Department of Energy Clean Coal Technology Program, and has completed an inventory of federal, state and private clean coal research and demonstration projects, which are expected to expend more than \$6 billion by 1992.

To maintain the progress we are making, I am directing three major steps to continue to carry out the Envoys' proposals.

- o The first will be to seek the full amount of the government's share of funding recommended by the Joint Envoys -- \$2.5 billion -- for demonstration of innovative control technology over a five year period. Five hundred million dollars will be requested for fiscal years 1988 and 1989 to fund innovative emissions control projects. I will also encourage industry to invest an equal or greater amount over this period, and to stimulate development and deployment of innovative technologies for reduction of air pollution emissions. This builds on activities already underway in the Department of Energy Clean Coal Technology Program.
- o The second step I am taking is to direct the Secretary of Energy to establish an advisory panel. This panel, which will include participation by State governments and by the government of Canada, will advise the Secretary of Energy on funding and selection of innovative control technologies projects. Projects will be selected, as fully as practicable, using the criteria recommended by the Joint Envoys.
- o Third, I am asking the Vice President to have the Presidential Task Force on Regulatory Relief, which he chairs, review federal and state economic and regulatory programs to identify opportunities for addressing environmental concerns under existing laws. The Task Force will examine incentives and disincentives to the deployment of new emissions control technologies and other cost-effective, innovative emission reduction measures now inhibited by various federal, state and local regulations. The findings and results of the Task Force review will be reported in six months, along with any recommendations for changes to existing regulations.

I have advised Prime Minister Mulroney of these decisions. Next month, I will travel to Canada to discuss these and other issues with the Prime Minister. I feel these steps will help both countries to better understand and address this shared environmental problem, so that future specific actions that are taken will be cost-effective, and represent appropriate taxpayer expenditures.

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- what pitfalls?
 - John Rouse?

United States Department of State

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

Washington, D.C. 20520

- BACG → why Gp →
 DPC → Chaired by
 Pres, -- "DPC is
 chaired by Pres"

April 14, 1987

- BACG handles interac w/ Canada (BACG from Envoys
 Rpt.)
 → - Canada is providing
 1st proposal
 or BACG?

MEMORANDUM

TO: DPC - Mr. Bledsoe

FROM: OES - John D. Negroponte

SUBJECT: Implementing the President's Decision to Consider an
 Acid Rain Accord with Canada

In Ottawa on April 6, the President announced: "The Prime
 Minister and I agreed to consider the Prime Minister's proposal
 for a bilateral accord on acid rain building on the tradition
 of agreements to control pollution of our shared international
 waters." As a first step in implementing this announcement,
 decisions are needed on the interagency process for
 staffing-out the President's decision and for engaging the
 Canadian Government in discussions.

I believe that there is solid agreement among U.S. agencies
 that the Bilateral Advisory and Consultative Group on
 Transboundary Air Pollution (BACG) is the appropriate body to
 undertake both responsibilities. The BACG was established in
 accordance with recommendations of the Special Envoys on Acid
 Rain to be the primary point of contact between the U.S. and
 Canada for addressing transboundary air pollution. Over the
 past year the BACG convened three times with Canada to review
 implementation of the Envoys' Report. The U.S. Section of the
 BACG includes all departments and agencies with a significant
 interest in the subject. (State, DOE, DOI, DOJ, USDA, EPA,
 NOAA, CEQ, DPC, NSC, OMB, NAPAP). Use of the BACG builds on an
 established role and positive record of experience and obviates
 the need for new institution building.

To follow-up, I propose the following:

1. As Chairman of the BACG, I will contact my Canadian
 counterpart promptly and propose a meeting of the joint group
 on May 22, 1987 to plan the work of the Group over the next
 year and begin bilateral discussion of the President's decision.

Press
 Paper =
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 explain
 hat of
 meant

We had agreed before the Ottawa summit that the BACG should convene shortly after. I understand that Canadian officials have already said they hope to put a proposed accord before us in about three weeks. Our taking the initiative, hopefully, will preempt Canadian alternatives. It will also establish a timetable to guide, at least, initial U.S. review.

2. A subgroup of the BACG will prepare an options paper for review by the BACG, the DPC Working Group on Energy, Natural Resources and the Environment and the DPC itself. During review of the paper, the decision will be made whether or what issues should go to the President. The drafting group will include State, EPA, DOE, OMB, CEQ, and perhaps other interested offices. The paper should be completed and ready for review by the Working Group the first week of May.

and approval
Please let me know if the White House concurs in this approach.

It will be submitted to DPC for final approval.

THE WHITE HOUSE

WASHINGTON

March 9, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: THE DOMESTIC POLICY COUNCIL

SUBJECT: Acid Rain Options for Meeting With Prime Minister Mulroney in Canada on April 5-6, 1987

Issue: What positions should you take regarding implementing the recommendations of the Special Envoys on Acid Rain?

Background: At last year's Summit, you and Prime Minister Mulroney endorsed the Joint Report of the Special Envoys on Acid Rain and agreed to keep this topic on the agenda of your annual meetings. Your endorsement stated that the Administration would seek to provide in the future the recommended funds, but that the U.S. commitment should also reflect other applicable Federal, state and private sector investments.

Canada regards our actions to date to implement the Envoys' Report as inadequate, primarily because projected funding falls short of the recommended levels and our efforts do not directly address transboundary pollution.

Prime Minister Mulroney is in political difficulty and wants movement on acid rain to help meet those difficulties. He has made clear that without further U.S. action, he could not tell Canadians at the April summit meeting that we are meeting our commitment. In addition to implementation of the Envoys' Report, he has renewed Canada's earlier demand that the U.S. reduce transboundary flows of pollutants by 50% by 1994. It is unlikely that any effort short of a major abatement program will completely meet Canadian concerns. However, there is no support within the Administration for such a major shift in U.S. policy.

The Domestic Policy Council discussed this issue at meetings on March 4 and 9, but no consensus was reached. There are two basic U.S. objectives to be achieved in responding to Canadian concerns on acid rain:

- o Consistent with U.S. acid rain policy, ensure that bilateral differences over abatement do not disrupt the Canadian Government's supportive, pro-U.S. stance on other issues.
- o Maintain our long-range approach to cooperate in managing the acid rain dialogue within the framework suggested by the Special Envoys and current U.S. acid rain policy, deferring any commitment to an expanded control program until scientific, technological and other developments warrant.

DECLASSIFIED (REASON)
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The Envoys recommended four sets of actions. Our differences with Canada are in two areas -- I) the five-year, \$5 billion innovative control technology program, and II) review of existing programs and legislation. Both sides agree that progress is satisfactory in III) government-to-government coordination and IV) research cooperation, and that no additional actions in these latter two areas need be proposed at this time.

Problems and Options:

I. Innovative Control Technologies. This is the major problem area at this time, with three major differences - A) funding, B) criteria for selection of projects, and C) establishment of a project selection panel.

A. Funding. The Envoys said that "...the U.S. government should implement a five-year, five-billion-dollar control technology commercial demonstration program. The federal government should provide half the funding - \$2.5 billion dollars - for projects which industry recommends, and for which industry is prepared to contribute the other half of the funding..."

U.S. Funding To Date. DOE has implemented a \$400 million Clean Coal Technology Program (CCTP) and completed an inventory of related federal state, and private activities. Some of these efforts meet the Envoys' recommendations. Also, the FY 1988 budget includes \$350 million in matching funds to be expended over 5-years for demonstration projects which will relate to the Envoys' selection criteria.

Canadian Response. Canada has pointed out that U.S. levels of federal funding, actual and projected, fall far short of the projections of the Special Envoys.

Funding Options

Option 1. Confirm current funding program. Reaffirm that we will seek appropriations of up to \$2.5 billion as promising technology warrants, and indicate that the present budget schedule (\$350 million over 5-years) is appropriate.

o This would confirm the adequacy of our efforts to date and is consistent with 1988 budget proposals. However, some members of Congress and Canadians view this as inadequate, and much slower than envisioned in the Envoys' Report.

Option 2. Accelerate funding. Reaffirm that we will seek appropriations of up to \$2.5 billion, as promising technology warrants; that we will seek a budget amendment for the entire \$350 million in FY1988 and FY1989; and that we will commit to a continuing demonstration program, including a survey of new projects proposed by industry to determine added funding.

o Accelerated funding appears warranted based on industry expressions of interest, and a commitment to additional new funds would demonstrate Administration support for a continuing effort. This would entail funding not in the budget, but leaves open total funding and the time period for expenditure, and could permit indirect (e.g. tax incentives) as well as direct funding.

Option 3. Commit now to full funding. Under this option, we would seek appropriation of the full \$2.5 billion, over a 5-year period. However, we would not spend all the funds unless promising demonstration projects are proposed.

o We would request a budget amendment to appropriate \$500 million in FY 1988 and FY 1989, and would encourage industry proposals and continue the demonstration program over the full five year period. We would also identify measures to stimulate development, including tax incentives, and deployment of innovative technologies. We would conduct related reviews, as recommended by the Envoys. This would be the firmest possible statement of support for the Envoys' Report. Pressures to expend the full \$2.5 billion over five-years will exist whether there are sufficient technological opportunities for a program of this magnitude or industry interest to cost-share it.

Option 4. Commit now to full funding; and go beyond the Envoys' Report by agreeing to spend the funds, regardless of availability of projects.

o This option goes beyond the Envoys' recommendations. It would include all the steps in Option 3, and would commit us to spend the \$2.5 billion appropriated, regardless of whether demonstration proposals are available. This would include co-funding retrofits of existing systems.

B. Demonstration Program Selection Criteria. This is another problem area. The Envoys' recommended that "Because this technology demonstration program is meant to be part of a long-term response to the transboundary acid rain problem, prospective projects should be evaluated according to several specific criteria. The federal government should co-fund projects that have the potential for the largest emission reductions, measured as a percentage of SO₂ or NO_x removed. Among projects with similar potential, government funding should go to those that reduce emissions at the cheapest cost per ton. More consideration should be given to projects that demonstrate retrofit technologies applicable to the largest number of existing sources, especially existing sources that, because of their size and location, contribute to transboundary air pollution. In short, although the primary purpose of this research program is to demonstrate the kinds of technologies that would be needed for any future acid rain control program, it should also result in some near-term reductions in U.S. air emissions that affect

Canadian ecosystems. Furthermore, special consideration should be given to technologies that can be applied to facilities currently dependent on the use of high-sulfur coal..."

U.S. Action to Date. The U.S. demonstration projects identified so far were not selected by applying the criteria suggested by the Envoys, but are broadly supportive of the Envoys' recommendations, and a number of them meet several of the Envoys' criteria. The full extent to which these efforts satisfy the Envoys' recommendations is a matter of judgment over which there is some difference among U.S. agencies and Canada.

Canadian Response. Canada has labelled the U.S. response to date a repackaging of existing domestic programs. It has pointed out that projects selected or identified were not strictly based on the Envoys' criteria and did not take into account near-term impact on transboundary flows of pollution.

Options for Program Selection Criteria

Option 1: Direct the Secretary of Energy to apply the Envoys' criteria as fully as practicable.

Option 2: Seek legislation to authorize project selection applying the Envoys' criteria.

o Legislation is the only way to explicitly apply the Envoys' selection criteria, and comes closer to meeting Canadian concerns. However, it invites Congress to establish its own criteria. Administrative authority would preserve flexibility, but Congress could legislate criteria in any event.

C. Demonstration Program Selection Panel. Another problem stems from the Envoys' recommendation "that a panel, headed by a senior U.S. cabinet official, be established to oversee this research demonstration program and select the projects to be co-funded by the federal government. The U.S. Environmental Protection Agency and the Department of Energy should provide the technical expertise necessary to select demonstration projects. Other members of this panel should be drawn from the Department of State and state governments. Canada also should be invited to send a representative to sit on this panel."

Action to Date. The panel has not been established, since legislation is needed to give the panel selection authority. Alternatives for an advisory panel are under discussion with Canada but no agreement has been reached.

Canadian Response. Canada renewed its request with the Vice President that the selection panel be established as the Envoys recommended.

Options for Program Selection Panel

Option 1. Direct the Secretary of Energy to establish an advisory panel.

Option 2. Seek legislation to establish the panel with selection authority.

o An administratively established panel would be advisory to the Secretary of Energy, and operate under the Federal Advisory Committee Act (FACA), which is quite strict and complicated. Seeking legislative authority would most fully meet the Envoys' recommendations, but would likely mean loss of Executive control and result in Congressional constraints and objections to Canadian participation. It would also entail a major change in federal procurement practices.

II. Review of Programs and Legislation. Finally, the Envoys' recommended that "Both the United States and Canada should review existing air pollution programs and legislation to identify opportunities, consistent with existing law, for addressing environmental concerns related to transboundary air pollution. The results of these reviews should be made available to the chief environmental officials of both countries for their consideration in the management of their respective programs."

Action to Date. The Environmental Protection Agency has conducted an extensive study of the Clean Air Act. Although still being reviewed, the basic conclusions are: (1) the opportunities for directly addressing transboundary air pollution under the domestically directed Clean Air Act are very limited and (2) effective use of those opportunities which do exist is hampered by the current lack of sufficient scientific understanding to support an effective and equitable program. EPA's analysis has not yet been shared with the Canadian government.

Canadian Response. Canada did not carry out a detailed review of legislation and programs. It has taken the position that its own control program calling for a 50% reduction in emission by 1994 adequately addresses U.S. concerns about flows of air pollution from Canada.

Options for Review of Programs and Legislation

Option 1. Take no further action.

Option 2. Direct the Vice President's Task Force on Regulatory Relief to review, under existing law, federal and state economic and regulatory incentives and disincentives to the deployment of new technologies. The Task Force would also examine other cost-effective and innovative emission reduction measures now inhibited by regulation at FERC, state PUC's, and other regulatory bodies, and to report its findings in 6 months.

Recommendations: The Council reached consensus on some, but not all the options presented for your decision. Positions are outlined below.

Edwin Meese III
Edwin Meese III
Chairman Pro Tempore

Decisions:

I. Innovative Control Technologies:

A. Funding

- Option 1. Confirm current funding program. This option is preferred by OMB and HHS.
- Option 2. Accelerate funding. This option is preferred by Energy and Commerce.
- Option 3. Commit now to full funding. This is preferred by EPA, Treasury and CEA.
- Option 4. Commit now to full funding; and go beyond the Envoys' Report by agreeing to spend the funds regardless of availability of projects. This is preferred by State and NSC.

B. Program Selection Criteria:

- Option 1. Direct the Secretary of Energy to apply the Envoys' criteria as fully as practicable. The Council recommends you approve this option.
- Option 2. Seek legislation to authorize project selection applying the Envoys' criteria.

C. Program Selection Panel:

- Option 1. Direct the Secretary of Energy to establish an advisory panel. The Council recommends approval of this option.
- Option 2. Seek legislation to establish the panel with selection authority.

II. Review of Programs and Legislation:

- Option 1. Take no further action.
- Option 2. Direct the Vice President's Task Force on Regulatory Relief to carry out this review. The Council recommends approval of this option.

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THE WHITE HOUSE
WASHINGTON

RECEIVED
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Feb 19, 1986

MEMORANDUM FOR THE PRESIDENT

FROM: THE DOMESTIC POLICY COUNCIL
SUBJECT: Joint Report of Special Envoys on Acid Rain

ISSUE: How should the Administration treat the recommendations of the Special Envoys on Acid Rain?

BACKGROUND: At the Quebec Summit last year, you and Canadian Prime Minister Mulroney decided that Special Envoys should examine the dispute over acid rain. The Joint Report of the Special Envoys on Acid Rain ("the Report") was delivered on January 8, 1986. Subsequently the Domestic Policy Council reviewed the Report in preparation for your March 18 meeting with Prime Minister Mulroney.

From the Canadian point of view, acid rain is the most important bilateral issue between Ottawa and Washington. Prime Minister Mulroney has referred to progress on this issue as the "litmus test" of the relationship. Failure to achieve positive movement on acid rain at the March Summit could jeopardize the present Canadian Government's pro-U.S. stance. This, in turn, could have serious consequences for the United States in the fields of trade, investment, and security.

Summary of the Envoys' Report:

The Report begins by describing "things we learned," followed by accounts of "The U.S. Perspective" and "The Canadian Perspective" on acid rain. The Report concludes with three recommendations.

1. The Report says that the Envoys learned that:
 - "Acid rain is a serious environmental problem";
 - "A serious transboundary problem"; and
 - there are only a few, expensive, avenues to major reduction in acidic air emissions.

Each of these points, properly understood, is consistent with current policy, although we have not previously held that acid rain is a "serious environmental problem" or a "serious transboundary problem." Also, there are still substantial scientific uncertainties on many acid rain issues.

Acid rain is certainly not an insignificant problem, or we would not be spending over \$100 Million annually to assess its exact extent and develop technology for its possible mitigation. Thus, we need not take the "lessons learned" as indicating a more serious assessment of acid rain than current policy warrants. It certainly is also a transboundary problem, as its impact on our relations with the Canadians would indicate, regardless of the scientific assessment of the exact extent of acid rain effects.

2. The "U.S. perspective" section is an adequate presentation of the American view. The section does not misrepresent current knowledge or Administration policy, though in several important respects items favorable to our position are understated or omitted. For example, our successful efforts to reduce emissions are not fully reflected. Political constraints, rather than scientific uncertainties, are stressed as barriers to immediate action.
3. The Report recommends:
 - A \$5 Billion government/private sector program to fund development of innovative control technologies;
 - Cooperative activities, and review of improvements possible under existing legislation; and
 - Research efforts.

Our review suggests that there is significant similarity between the recommendation for programs to develop innovative control technologies and the Clean Coal Technologies Program (CCTP) adopted by Congress in 1985 and now being implemented by the Department of Energy (DOE). There are also a number of significant differences, including funding levels, though these differences are, in our view, not inimical to the intent of the recommendation.

There are a number of possible regulatory and legislative changes that could support introduction of innovative control technologies and that would allow more economical control of emissions. Some of the changes could also have the effect of lessening emission of the precursors of acid rain. These should be reviewed with an eye to possible implementation.

Virtually all research activities recommendations made in the Report are now being addressed within the National Acid Precipitation Assessment Program (NAPAP), though some not to the degree suggested in the Report.

OPTIONS AND SUPPORTING ARGUMENTS:

OPTION 1.

Express support of the Report (as outlined on pages 4-6).

- ° The Report appears to be generally consistent with current U.S. assessment of the issue and environmental policies and with current research, development and demonstration programs.
- ° Any lesser response could reverse the current significant improvement in Canada-U.S. relations; would severely endanger support for the U.S. by the Prime Minister; and is likely to cause the upcoming Summit to be construed in both Canada and the U.S. as a failure.
- ° Existing and planned programs address each of the recommendations in the Report. The existing Clean Coal program addresses the Envoys' concerns; there is a serious question whether \$5 Billion could be spent wisely. Acid rain research programs now funded at various Federal agencies already address virtually all the subjects recommended by the Envoys.
- ° We will review specific regulatory changes and legislative measures designed to encourage implementation of more cost-effective and innovative control approaches.

OPTION 2.

Support the Report without reservation (including the \$5 Billion program).

- ° Acid rain is the primary irritant in our relationship with Canada, our major trading partner and closest ally. The Report is the political judgment of Drew Lewis on what is needed at a minimum to manage this bilateral problem. Anything less than an endorsement of the Report by the Administration will be seen in Canada as a failure in U.S.-Canada relations. Acceptance is likely to assure a successful March 18 Summit.
- ° The Report is in the nature of an arbitrator's finding, which we implicitly bound ourselves to accept when the Envoys were appointed. Even full endorsement of the \$5 Billion program does not mean that it would ultimately be adopted through the budget process.

OPTION 3.

Significantly qualify our response to the Report, strongly reiterating current policy. (Note negative foreign policy implications of this Option, contained in Option 1.)

- ° There is considerable scientific uncertainty as to the nature and severity of the problem. The current CCTP research program may be a candidate for rescission. Support of the Report, even if only general, would commit us unnecessarily to pay for solutions to problems we may not have, now or ever.
- ° The Report does not consider the fact that this Administration has already taken certain regulatory actions, and is pursuing a control technology RD&D program whose scope goes beyond the recommendations of the Envoys.

RECOMMENDATION AND SUGGESTED U.S. RESPONSE:

The majority of the Domestic Policy Council supports Option 1, generally endorsing the Report.

This would make clear that the "U.S. perspective" as presented in the Report is consistent with current U.S. policy, and that we have always recognized that acid rain is both serious, and transboundary, as shown by our large research program and our careful attention to Canadian concerns.

We should also announce the following steps to implement the Report.

1. Support An Emission Control Technology Demonstration Program

The Clean Coal Technologies Program is a new, three-year government/private sector program of \$800 million (at 50/50 cost-sharing) to \$1.5 Billion (at 25/75). This program is in addition to significant private and federally cost-shared RD&D programs.

Direct the Secretary of Energy to reexamine the CCTP and, to the extent possible within the legislation and published selection criteria, administer the program as recommended in the Report.

2. Strengthen Cooperative Activities

Direct agencies to identify and assess cost-effective and innovative approaches to emission reductions, including:

- A) Direct EPA to review opportunities to consider transboundary air pollution in planned regulatory and legislative activities, ensuring that Canadian officials receive adequate notice of proposed rulemaking.
- B) Direct EPA, in consultation with other Federal agencies, to review the regulatory opportunities within existing law for encouraging innovative and cost-effective approaches leading to near-term acid rain reduction.
- C) Request the Federal Energy Regulatory Commission (FERC) to conduct a similar review and to propose (as appropriate) regulations to stimulate the development and deployment of innovative and cost-effective control technologies.
- D) Direct the Secretary of the Interior to identify and reduce impediments to the use of low-sulfur western coal.

✓ Also direct agencies to strengthen bilateral consultation and information exchange, namely:

- A) Direct the Secretary of State to establish a bilateral advisory and consultative group on transboundary air pollution, consisting of diplomatic and environmental management officials.

- B) Direct the Secretary of Energy to establish a panel to review and provide advice concerning innovative control technology programs.
- C) Direct the Joint Chairs Council of NAPAP to establish an increased level of liaison with Canadian acid rain research programs.
- D) Direct the Secretary of Energy to establish U.S. representation at Canadian control technology demonstration program reviews.

3. Reappraise Federal Acid Rain Research Activities

Direct the Joint Chairs Council of NAPAP to conduct a coordinated interagency review of relevant research in light of the recommendations in the Report.

4. Establish Continuing Acid Rain Agenda for President and Prime Minister

Acknowledge acid rain to be a continuing agenda item for meetings with the Prime Minister of Canada. You will periodically review progress toward addressing transboundary acid rain concerns.

CAVEAT:

There remain some differences of opinion on the exact import of Option 1. Some see it as being "very strong support" or "embrace" of the Report, with no hint of interpretation. Others see it as "general support" or "acceptance" of the Report, keyed to continuation of current planned programs and policies.

All members of the Council agreed that our attitude toward the Report did not constitute a reversal of current policy. However, some felt that this meant explicit endorsement of the view that acid rain is "a serious environmental problem" and "a serious transboundary problem"; while others feared that our position would be so taken.

In like manner, some would interpret Option 1 as meaning silence on the issue of a \$5 Billion program, with no commitment to seek additional funding. Others believe that, at a minimum, a commitment to some new funding is essential to the credibility of this option. Still others wanted it to be clear that support of the Report does not imply commitment to seek additional funding.

These nuances need to be addressed frankly in the DPC discussions.

Edwin Meese III

Edwin Meese III
Chairman Pro Tempore
Domestic Policy Council

DECISION:

Approve: Option 1 Option 2 RR Option 3

Further Work Needed

This decision is modified - we will have to explain that we cannot go forward with the spending part as of now.

A. Origin and Objectives of the BACG

On March 17, 1985, the President and Prime Minister appointed Special Envoys to assess the international environmental problems associated with transboundary air pollution and to recommend actions that would help solve them. On March 19, 1986, the President and Prime Minister fully endorsed the Envoys' Report and agreed to keep the acid rain issue on the agenda of their annual summit meetings.

In their report, the Special Envoys recommended that

"Our two governments should establish a bilateral advisory and consultative group on transboundary air pollution. Such a group, comprising both diplomatic and environmental management officials, should provide the forum for discussions and first-level consultations on issues related to transboundary pollution. It should also provide advice to the directors of each country's environmental programs and to the Secretary of State and Secretary of State for External Affairs."

The Bilateral Advisory and Consultative Group (BACG) was established pursuant to this recommendation.

The two governments agreed that the BACG would be chaired by officials of their foreign affairs departments and include representatives of government entities in each country with acid rain responsibilities. The U.S. section of the BACG was established under the chairmanship of the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs. Members of the U.S. section include representatives of the Departments of Agriculture, Energy, Interior, Justice and State and the Council on Environmental Quality, the Domestic Policy Council, the Environmental

Protection Agency, The National Acid Precipitation Assessment Program, National Oceans and Atmospheric Administration, National Security Council and Office of Management and Budget. The Canadian section was organized under the chairmanship of the Assistant Deputy Minister, United States Branch, Department of External Affairs and includes representatives from the Departments of External Affairs and Energy, Mines and Resources, Environment Canada and the Provinces of Ontario and Quebec.

B. First Year Work Program

The BAGC has met three times: first in Ottawa on June 18, 1986, second in Washington on December 17 and third in Ottawa on February 25, 1987. During this period, the BAGC has concentrated its efforts on monitoring and facilitating implementation of the Envoys' Report as the agreed framework for bilateral acid rain cooperation. The meetings have reviewed progress in each area recommended by the Special Envoys and have provided the forum for the two sides to air concerns, address differences and resolve problems. Between the meetings of the BAGC the chairmen have maintained contact to monitor progress, and active interchanges initiated or underway between counterpart agencies in the two countries have been maintained. Aspects of the acid rain issue have also been discussed and been the subject of correspondence on several occasions at the political level and between the respective Secretaries of State and heads of environmental agencies. Succeeding sections of this report review the status of each of the Envoys' recommendations in more detail.

U.S. Section Bilateral Advisory and Consultative Group
(BACG)

Principals and Support Staff

STATE

John D. Negroponte Chairman Assistant Secretary Bureau of Oceans and International and Scientific Affairs (OES)	647-1554
William A. Nitze Deputy Assistant Secretary Environment, Health and Natural Resources (OES/ENH)	647-2232
Fredrick J. Hall Deputy Assistant Secretary for Canadian Affairs (EUR)	647-2461
Robert Homme Director Office of Canadian Affairs (EUR/CAN)	647-2107
Ed Keaton (EUR/CAN)	647-1097
David A. Colson Assistant Legal Advisor Oceans, International Environmental and Scientific Affairs (L/OES)	647-9169
Andrew D. Sens Director Office of Environmental Policy (OES/ENV)	647-9266
John F. Fitzgerald (OES/ENV)	647-9169
Deborah Kennedy (L/OES)	647-1370

DEPARTMENT OF ENERGY

Ms. Mary L. Walker Assistant Secretary for Environment, Safety and Health Dept. of Energy Rm. 7A097 1000 Independence Ave., S.W. Washington, D.C.	252-6151
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-2-

Mr. J. Allen Wampler 586-4695
Assistant Secretary, Fossil Energy
Dept. of Energy
1000 Independence Ave, S.W.
Room 4G-084
Washington, D.C. 20585

Mr. Donald L. Bauer 586-6660
Principal Deputy Assistant Secretary
Fossil Energy
Dept. of Energy
Rm. 4G-084
1000 Independence Ave., S.W.
Washington, D.C.

Mr. Ted Williams 586-2061
Director
Office of Environment and Health
Dept. of Energy
Forrestal Bldg, 4G-036, EH-22
1000 Independence Ave, S.W.
Washington, D.C.

Environmental Protection Agency

J. Craig Potter 382-7400
Assistant Administrator
for Air and Radiation
Environmental Protection Agency
401 M. Street, S.W., Rm. 937
West Tower
Washington, D.C. 20460

Eileen Clausen 382-4896
Director
Office of Program Development
of Air and Radiation
Environmental Protection Agency

Mr. Bill L. Long 382-7400
Environmental Protection Agency
EPA/OIA, West Tower, Rm 811
401 M. St., S.W.
Washington, D.C. 20460

Mr. Conrad Kleveno 382-4896
Environmental Protection Agency
401 M Street, S.W., Rm. 805
West Tower
Washington, D.C. 20460

-3-

Department of Interior

Mr. Martin Smith 343-1632
Deputy Assistant Secretary for Policy,
Budget and Administration
Department of Interior
Room 5124
18th and C Street, N.W.
Washington, D.C.

Indur Goklany 343-2151

Department of Justice

Mr. Thomas E. Hookano 633-3237
Deputy Assistant Attorney General
Land and Natural Resources
Department of Justice
10th and Constitution Aves., N.W.
Room 2609
Washington, D.C. 20530

Peggy Strand 633-2219
Attorney
Environmental Defense Division

Department of Agriculture

Orville Bentley
Assistant Secretary
Science and Education

Dr. Charles Philpot 447-4507
Assistant Deputy Chief for Research
Dept. of Agriculture
Rm. 3007
14th & Independence Ave., N.W.
Washington, D.C.

David Radloff 235-1071
U.S. Forest Service

Council on Environmental Quality

Ms. Jacqueline E. Schafer 395-5750
Council on Environmental Quality
722 Jackson Place, N.W.
Washington, D.C. 20503

Coleman Nee 395-5750

Domestic Policy Council

Ralph Bledsoe

Bob Johnson
Domestic Policy Council (DPC)
Old Executive Office Bldg. (OEOB)
Rm. 200
Washington, D.C. 20500

456-6640

Office of Management and Budget

Robert Dawson
Associate Director
Office of Management and Budget

Mr. David Gibbons
Deputy Associate Director
for Natural Resources
Office of Management and Budget
New Executive Office Building (NEOB)
726 Jackson Place, N.W., Suite 8222
Washington, D.C.

395-6827

OFFICE OF SCIENCE AND TECHNOLOGY POLICY

Beverly J. Berger
Assistant Director for Life Sciences
Office of Science & Technology Policy (OSTP)
Executive Office of the President
New Executive Office Building (NEOB)
Rm. 5026
Washington, DC 20506

395-3902

National Oceanographic and Atmospheric Administration

Anthony Calio
Administrator

Mr. J.R. Spradley
Assistant to Administrator
of NOAA
Department of Commerce
Herbert C. Hoover Building (HCHB)
14th and Constitution Aves., N.W.
Washington, D.C. 20230

377-2977

Candyce Clark
International Affairs

443-8845

National Acid Precipitation Assessment Program

Dr. Larry Kulp 395-5771
NAPAP
722 Jackson Place, N.W.
Washington, D.C. 20503

Paul Ringold 395-5771

National Security Council

Mr. Ty Cobb 395-5076
National Security Council
Old Executive Office Bldg. (OEOB)
Room 361
Washington, D.C. 20506

Wang No. 4132T

Canadian Embassy



Ambassade du Canada

1746 Massachusetts Ave. N.W.
Washington, D.C. 20036

January 7, 1988

General Colin Powell
Assistant to the President
for National Security Affairs
The White House
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear General Powell,

Enclosed is an advance text of a letter from Prime Minister Mulroney to President Reagan concerning acid rain and Canada's proposal that the United States and Canada negotiate an acid rain accord. The signed original of the letter will be forwarded to you as soon as possible.

Yours sincerely,

Original signed by
Allan Gotlieb
a signed original

Allan Gotlieb
Ambassador

cc. Col. Ty Cobb

Withdrawal/Redaction Sheet

Ronald Reagan Library

Document

Number: 4

Date: 03/09/1987

Classification:

Type: Letter

Total Pages: 1

Closed: 01-14-2003

NSC #: WHORM Subject #:

To: President

From: Brian Mulroney

Subject: (advance copy)

Folder

Collection: Baker, Howard H. Jr.: Files

Series: I. Subject File

Title: Acid Rain (2)

OA ID: 1

Box Number: 1

Folder #: 2 OF 17

Restrictions

FOIA(b)1 FOIA(b)1

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- FOIA(b)(9) -Release would disclose geological or geophysical information concerning wells.

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NATIONAL SECURITY COUNCIL
WASHINGTON, D.C. 20508

~~CONFIDENTIAL~~

November 20, 1987

MEMORANDUM FOR NANCY J. RISQUE

FROM: GRANT S. GREEN, *JS*

SUBJECT: Letter from PM Mulroney re: Acid Rain Accord

Prime Minister Brian Mulroney has written the President (Tab B) expressing the hope that the United States has decided to enter substantive negotiations on the acid rain accord we agreed to consider. As the PM notes the GOC provided the USG with their draft proposal in May and we promised a timely response.

Unfortunately, as State's covering memorandum (Tab A) points out, we have delayed responding to the Canadian proposal (we have set at least four dates, which subsequently have slipped). There have been good reasons for this -- we wanted to make a reasoned and considered response, and we did not want to entangle the acid rain accord with the FTA negotiations. ✓ However, based on DPC guidance we have made a firm commitment to provide the GOC with a response by November 30, and this date cannot be allowed to slip again.

Given that the PM's letter addresses a domestic policy issue we would appreciate it if the DPC would draft a reply for the President to send to Mulroney. We believe we should have the letter to the President prior to his departure for the Ranch. Thank you.

Attachments

Tab A State memo 11/20/87
Tab B Mulroney letter 11/16/87

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Declassify on: OADR

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NLS F97-0606/4 #26

BY: AC NARA, DATE 3/2/06

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United States Department of State

Washington, D.C. 20520

November 20, 1987

MEMORANDUM FOR MR. FRANK C. CARLUCCI
THE WHITE HOUSE

Subject: Prime Minister Mulroney on Acid Rain

The Embassy of Canada has delivered the attached advance copy of a letter to the President from Prime Minister Mulroney, with a request that it be brought immediately to the President's attention. The NSC staff has asked that we forward the advance copy of the Prime Minister's letter without a proposed response.

The Prime Minister's letter underscores the importance he attaches to the acid rain issue and his expectation that we will respond shortly to his April proposal to enter into negotiations on a bilateral accord. In this connection, and as the Prime Minister is aware, we have indicated that the U.S. would provide its response at the November 30, 1987 meeting in Ottawa of the Bilateral Advisory and Consultative Group.

In view of the Prime Minister's personal demarche, the Department believes that the Domestic Policy Council discussion of acid rain policy options for the President's consideration, originally scheduled for November 10, should be added to the agenda of the November 24 DPC meeting.

Melvyn Levitsky
Executive Secretary

Attachment:

As stated

DECLASSIFIED (2E/EXB 27)
NLS 697-066/4-4 27
87 - CP NARA, DATE 3/21/86

THE WHITE HOUSE

WASHINGTON

Santa Barbara

November 25, 1987

Dear Brian:

Thank you for your letter of November 16th concerning your hopes for a timely discussion of the Canadian acid rain accord proposal. I share your hope that a mutually acceptable way of handling this issue can soon be found.

Along these lines, I am instructing the United States section of the Bilateral Advisory and Consultative Group to discuss the Canadian proposal for an acid rain accord at their next meeting on November 30th. This will be a step forward in the process of jointly exploring the possibility of signing an effective acid rain accord.

As we continue to seek to find a common understanding between our countries on this contentious issue, I am reminded of the leadership, wisdom and courage you demonstrated during the Free Trade area negotiations. I hope we again can find the strength to take actions that will enable agreement on a sound policy to protect our environment and industries.

Sincerely,

Ron

His Excellency
Martin Brian Mulroney
Prime Minister of Canada
Ottawa

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E: CN, NARA, DATE 3/30/06

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DEPARTMENT OF STATE
WASHINGTON

November 23, 1987

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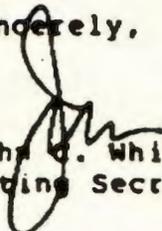
Dear Howard:

As you are aware, we are committed to respond to Prime Minister Mulroney's April proposal for an acid rain accord on November 30 in Ottawa. We discussed the proposal with the Canadians in June, but delayed our actual response until September, then October, to permit completion of a domestic policy review. The Prime Minister has now written to the President (copy attached) urging a positive response that will allow negotiations to begin soon. Clearly, any further delay in our response will only lead to additional pressure on the President.

The options paper developed by the DPC Working Group on Energy, Natural Resources and Environment has developed to the point where it will serve as a good basis for a DPC discussion. From that paper the DPC should be able to focus options to permit a decision by the President or even by the DPC itself. However, also as you know, the DPC meeting to address acid rain scheduled for November 10 was postponed and the November 24 DPC session does not now include acid rain on its agenda.

Given the President's commitment to the Prime Minister, the long delay already in responding to the Canadians, and now the Prime Minister's letter, I strongly urge that you agree to take up acid rain at the November 24 DPC session so that we can respond to the Prime Minister very soon.

Sincerely,


John G. Whitehead
Acting Secretary

Attachment:
As stated.

The Honorable
Howard Baker,
Chief of Staff,
The White House.

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CH NARA, DATE 3/20/06

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THE WHITE HOUSE
WASHINGTON

November 25, 1987

MEMORANDUM FOR THE PRESIDENT

FROM: NANCY J. RISQUE

Nancy J. Risque

SUBJECT: Acid Rain Policy Guidance

ISSUE: The initial response to the Canadian proposal for an acid rain bilateral accord.

DISCUSSION: You have requested an acid rain policy review in order to respond to Prime Minister Mulroney's request that the United States enter into an acid rain bilateral accord with Canada. The Domestic Policy Council has been conducting a thorough review of U.S. acid rain policy that is near completion and should be presented to you before Christmas. In working with the Canadians we agreed that the Bilateral Advisory and Consultative Group (BACG) would meet on November 30th to provide a response to the Canadian proposal.

We are not prepared to provide a U.S. proposal at this time. The Domestic Policy Council review process has been halted due to the concerns of key members of Congress who requested that the Council delay its discussions on acid rain until the current debate about extending the ozone nonattainment deadline of the Clean Air Act is resolved in Congress. These members of Congress, as well as a number of representatives of major industries, are fearful that an acid rain control program could be added to legislation to extend the ozone nonattainment deadline. Such an amendment would be contrary to your position that additional legislated acid rain controls are unnecessary. A resolution of this issue is not likely until shortly before Congress adjourns for the Christmas recess around December 15th or 16th.

Although the Council has not completed its review process, there is unanimous agreement that the Canadian proposal is not acceptable in its current form. The central elements of the Canadian proposal are:

- o Ceilings on transboundary flows of sulfur dioxide (SO₂) from one country to the other -- to include a two million ton reduction of transboundary flows of annual SO₂ emissions into Canada;
- o An agreed timetable and periodic review of compliance;

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3. CU NARA, DATE 3/20/06

- o Performance auditing by an independent body; and,
- o Binding disputes settlement.

The problems with this proposal are numerous and include:

- o Scientific research analyzed by the National Acidic Precipitation Assessment Program (NAPAP) strongly suggests that an additional SO₂ emissions reduction program is unnecessary, and that other sources of acid rain, such as nitrogen oxides and oxidants, are important in controlling this phenomenon.
- o To reduce transboundary flows by two million tons of SO₂ would require a major national emissions reduction program that would ignore our scientific analysis of this issue, and cost at least seven to nine billion dollars per year.
- o Targetting emission reductions in specific regions (as implied by a reduction of transboundary flows) is not legislatively viable. Additionally, current models to measure transboundary flows are not scientifically proven -- making the measurements highly uncertain.

Thus, it is recommended that instructions be issued to the U.S. section of the BACG to guide these initial discussions with the Canadians about the proposed accord. These instructions would enable us to respond to the Canadians on November 30th.

The U.S. position conveyed in these instructions will not be acceptable to the Canadians. However, they represent a beginning of the discussion process and allow the Domestic Policy Council to finish its review of United States acid rain policy options, and Congress to finish the debate on extending Clean Air Act deadlines. This will enable you to decide upon a U.S. policy on acid rain with the full scope of advice from the Domestic Policy Council and without adversely affecting the congressional debate. Additional instructions can then be issued, allowing more comprehensive discussions with the Canadians.

RECOMMENDATION: That you sign the attached memorandum that asks Secretary Shultz to convey your instructions to the U.S. section of the BACG. The instructions point out which portions of the Canadian proposal are unacceptable, maintaining the flexibility to explore ways in which a future accord can be signed. The State Department and the NSC concur in this recommendation.

Approve Approve as Amended Disapproved No Action

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THE WHITE HOUSE
WASHINGTON

November 25, 1987

MEMORANDUM FOR THE SECRETARY OF STATE

At the last bilateral summit with Prime Minister Mulroney, I agreed to consider the Prime Minister's proposal for a bilateral accord on acid rain. Pursuant to this, and after considering the advice of the Domestic Policy Council and the Department of State, I ask that you convey to the United States Section of the Bilateral Advisory and Consultative Group the following guidance for its initial discussions with the Canadian Section concerning Canada's proposed bilateral accord.

The principles listed below will guide the United States Section in their initial discussions with the Canadians. United States acid rain policy:

- o Builds upon the Special Envoy's recommendations and measures already underway to reduce emissions, and in particular allows sufficient time for the Innovative Control Technologies Program to encourage the deployment of new technologies.
- o Considers the state of scientific understanding about the acidic deposition phenomenon, to include the work of the National Acidic Precipitation Assessment Program.
- o Will not target controls for specific geographical areas.

The United States Section should be prepared to discuss different processes by which Canada and the United States could expand the exchange of information, continue joint periodic reviews of the transboundary air pollution problem, explore additional means of encouraging joint demonstration projects of new emission control technologies, and expand the conduct of joint research. The United States Section should not agree to discuss an accord that would set specified quantities of reductions within a specified time frame. The principle of reciprocity should be fundamental to any discussions in these areas.

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197-066/4 #32

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CW

NARA,

DATE 3/20/06

Ronald Reagan



~~CONFIDENTIAL~~

United States Department of State

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

Washington, D.C. 20520

December 2, 1987

~~CONFIDENTIAL~~

MEMORANDUM

TO: Mr. Ralph C. Bledsoe, Executive Secretary,
Domestic Policy Council

FROM: Richard J. Smith, Acting *W. H. R. J. S.*

SUBJECT: Ottawa BACG Meeting

The meeting in Ottawa gave us some breathing room--
but not much.

It was a constructive development that the Canadians
agreed to shift the focus forward to January 25 in
Washington when a BACG Working Group will meet to carry
forward our discussion on an acid rain accord. But the
Canadians made clear their extreme disappointment that
we did not have a comprehensive response ready for them
to their proposal of last May or a well elaborated
proposal of our own.

In sum, we need the DPC meeting and subsequent
decision by the President on the option to form the
basis for our position very soon. We need time to staff
out a position reflecting that decision before the
January meeting. Also, we can be sure that Prime Minister
Mulroney will raise this with the President should they
meet on January 2.

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Annotated Agenda

Item 1. Opening Statements

- Warm, fuzzy and brief remarks, stressing how pleased you are that we are now able to get together to respond to Canada's proposal for an acid rain accord and review related developments in the BACG context. You could introduce your delegation at this point.

Item 2. Acid Rain Accord

(A) American Response to the Canadian Proposal

- You will want to begin with remarks based on the President's instructions for the meeting. Talking points at Tab B.
- Then turn to Ted Williams (DOE) to explain what we are doing to implement the Lewis/Davis recommendations focussing on the Clean Coal Technology Program and Innovative Emissions Control Technologies Advisory Panel.
- Conclude the presentation by asking Bill Nitze to review the efforts of the President's Task Force on Regulatory Reduction.
- (If raised, you can ask Eileen Claussen to speak to the SO_x/NO_x emissions reduction costs/benefits study undertaken by EPA as part of our domestic policy review.)
- Conclude the U.S. presentation by proposing a date for the next negotiating session in Washington and suggesting that delegations to that meeting be chaired at the DAS level.

(B) Canadian Comments

Item 3. Recent Developments

(A) CANADA

- You can turn to Craig Potter (EPA) or Ted Williams (DOE) for comments if appropriate.

(B) U.S.

- Ask Craig Potter to review additional EPA regulatory activities since the last BACG session.
- If the Canadians have not already spoken to this, ask about their current emissions control research.
- Turn to Eileen Claussen (EPA) for a comment on how the NAPAP interim findings affect our domestic policy -- propose a meeting of experts if the Canadians argue with our conclusions.

Item 4. Other Business

None

Item 5. Press Guidance

"We have met today to discuss Canada's proposal for an acid rain accord. Our meeting was an extremely useful step in our joint exploration of the possibility of concluding an effective agreement."

Talking Points

Agenda Item 2

-- I know you are anxious to hear our response to the Prime Minister's proposal for an acid rain accord;

-- As you know, the Administration is just now completing an in-depth review of its acidic deposition policy.

Continuing -- While the Domestic Policy Council and the President ^{will be} ~~have~~ not yet had time to make final policy decisions based on the findings of this review, the President has instructed us to explore a possible acid rain accord on the basis of the following general principles:

- o That we seek to build on the Special Envoys' recommendations and measures already underway to reduce precursor emissions, and in particular allow sufficient time for our Innovative Control Technologies Program to encourage the deployment of new technologies;
- o That we take into account the science relative to acidic deposition as we now understand it, including the work of the National Acidic Precipitation Assessment Program; and
- o That the principle of reciprocity is understood to be fundamental to our discussion.

-- Within this framework, we are prepared to begin a process. One that could, for example, consider ways by which Canada and the U.S. could expand the exchange of information on acidic deposition, continue joint periodic reviews of precursor emission problems, explore additional means of encouraging joint demonstration projects of new emission control technologies, and expand the conduct of joint research.

~~-- At least until decisions have been made based on our policy review, we are not in a position to discuss an accord that would set further precursor emission reductions within a specified time frame.~~

project -- You should be aware as well that it is unlikely that the Administration ~~in any circumstances~~ will conclude that a new legislated emission reductions program is justified.

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3. CU NARA, DATE 3/20/66

-- I believe, nevertheless, that we now have a basis for seeking a common understanding between our countries on this difficult issue. We should be able to find a way to take actions that will produce agreement on a sound policy to protect our environment and industries.

-- I suggest, if you agree, that we turn now to a more detailed discussion of where we now stand in the U.S. in terms of efforts already underway to reduce acid rain precursor emissions.

-- As part of our policy review, for example, concerned agencies have looked hard at regulatory approaches that could bring about early additional emissions reductions. We have also pressed the Congress hard for full funding of the \$2.5 billion clean coal program envisioned in the Envoys' Report, a program that is producing new technologies that will lead to significant emissions reductions.

-- I would like Ted Williams of the Department of Energy to lead off.

-- (After Ted's intervention) I would also like Bill Nitze of the Department of State to review the work of the President's task force on regulatory relief.

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...ual meeting with provin-
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...tercourse; the involvement, either
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...person "who is, or is depicted as
...being or appears to be, under the
...age of 18 "in visual matter defined
...as pornography or erotica;

● A requirement that all erotica be
...displayed so it is not visible to the
...public, either in a special section
...marked with a warning sign, behind

...like to see the bill go further.

"Specifically, I believe that there
...are too many ways out by proving
...artistic merit or educational, scien-
...tific or medical purpose," he said,
...arguing that this leaves too much to
...interpretation. "Artistic merit"
...will become the gateway for porno-
...graphic material to enter Canada
...and be circulated."

Acid rain deal stalled as U.S. laws reviewed

BY ROSS HOWARD
The Globe and Mail

P. A10
12/1/87

OTTAWA

Canadian requests for a bilateral
acid-rain treaty have been put on
hold until the United States com-
pletes a review of its pollution prior-
ities.

Senior officials of the U.S. Envi-
ronmental Protection Agency told
their Canadian counterparts in Otta-
wa yesterday that discussion of the
Canadian proposal will have to wait

at least a month, and offered no
suggestion of what might be
achieved.

The two sides met in what had
been advertised as a significant test
of a long-standing U.S. commitment
to curb the northward flow of emis-
sions that cause acid rain. Yester-
day, however, Canadian environ-
mentalists were privately pessimis-
tic after EPA officials announced
that a review of the U.S. Clean Air
Act, which governs much U.S. air-
pollution policy, must be completed
first.

In April, President Ronald Rea-
gan agreed to consider Prime Min-
ister Brian Mulroney's call for a
treaty on acid rain. In the same
month, Canadian officials detailed
the minimum cutbacks needed to
end the U.S. impact on Canada.

Acid rain is produced by sulphur
and nitrogen oxides, emitted by
coal-fired power plants, smelters
and automobiles. The Canadian
proposal calls for the United States
to halve its 1980 transboundary flow
of four million tonnes by 1994. About
3.2 million tonnes a year are depos-
ited.

Environment Minister Thomas
McMillan said yesterday he is dis-
appointed with the delay, but that
completion of the U.S. review will
enable Washington to respond clear-
ly and quickly to Canada's propos-
als.

Commitments by both countries
to study and reduce acid rain were
made as far back as 1979, but the
Reagan Administration has argued
more research is needed before
imposing multi-billion-dollar pollu-
tion controls on coal-fired power
plants in the eastern states.

The federal Government and the
eastern provinces have agreed to
cut emissions by 50 per cent by 1994.

common courtesy.



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TO: ~~WTR/CAN:EKastor~~ - Please pass to OES/ENV:Gens.

FROM: SCI:FMRinnelly/Amembassy Ottawa.