

THE WHITE HOUSE
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MEMORANDUM FOR THE PRESIDENT

FROM: JIM STEINBERG
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DBS for

SUBJECT: Climate Change/Military

Republican critics continue to charge that the Kyoto agreement will hurt the U.S. military. In recent weeks, Senators Hagel and Inhofe have used Congressional hearings and other fora to push this line of attack. A group of prominent Reagan/Bush appointees -- including Richard Cheney and Jeanne Kirkpatrick -- make this argument in paid advertising running frequently in Roll Call and the Washington Times.

In fact, the Pentagon is reasonably satisfied with the results at Kyoto. The agreement reached there exempts emissions from most multilateral military operations (such as Desert Storm, Bosnia and Grenada) and from military (and civilian) international air and marine transport. Pentagon officials participated prominently in the U.S. delegation at Kyoto.

The Pentagon remains concerned, however, about domestic implementation of our climate change obligations. It accepts that any domestic emissions trading program should cover Defense Department facilities (i.e., buildings and non-tactical vehicles, similar to those used by other government agencies or the private sector). It argues, however, that any domestic emissions trading program should exempt military operations and training (including tactical aircraft, weapons systems, combat training and border security). Noting the unique and often unpredictable nature of its mission, the Pentagon argues that subjecting military operations and training to greenhouse gas emissions limits could compromise military readiness.

Overall, the Defense Department accounts for 1.4% of total U.S. carbon emissions, a 22% decrease from its share in 1990. *Carbon emissions from military operations and training are 0.8% of the U.S. total.*

In your October, 1997 climate change policy announcement, you said that full implementation of a domestic emissions trading program for greenhouse gases should wait until at least 2008. In that sense, consideration of the Pentagon's unique needs in designing such a program may be premature. However, there is a possibility that the spiraling political charges on this issue could be defused by an early administration statement. *Specifically, we could preempt the critics by announcing that we would oppose emissions limits on military operations and training.* For the reasons stated below, your advisors recommend this approach.

OPTIONS

The options are as follows. In both cases, we would continue to emphasize our considerable success on this issue at Kyoto.

1. Have an administration spokesman state our opposition to emissions limits on military operations and training. *Stu Eizenstat's testimony before several Congressional committees tomorrow and Thursday (March 3 and 4) would be a good opportunity.*

We have been assured that, with such a statement, the uniformed services will publicly express confidence that military readiness can and will be protected in the design of our climate change policies. This would significantly if not entirely neutralize political attacks on this issue. Furthermore, an exemption for military operations and training would respond to the Pentagon's concerns on readiness with only the most marginal impact on the United States' ability to meet national emissions targets. The share of emissions at stake is small, and downsizing together with fuel efficiency improvements may lead to reduced emissions from these sources in any event. Such an exemption would carry forward the spirit of the Kyoto agreement with respect to military emissions.

The biggest downside is the risk of starting a round of special pleading and complaints from industrial emitters. Industries may grouse that they will be asked to absorb emissions reductions properly attributable to the Pentagon. More broadly, opening the door to discussions on the structure of an emissions trading program could raise a series of awkward questions about our positions on other aspects of the eventual carbon emissions reduction regime. However, given the small share of emissions at issue, the unique circumstances of the military and the number of years before these industries might be subject to limits, these appear to be manageable problems.

The environmental community would not support this approach, but we do not anticipate significant criticism.

Jim Steinberg, Todd Stern, Gene Sperling and Stu Eizenstat support this option. Katie McGinty supports this option, emphasizing that the Defense Department should be asked to come forward with an aggressive plan for reducing emissions from its non-exempt facilities.

2. Continue to emphasize diplomatic success on this issue at Kyoto, and state that consideration of domestic implementation issues is premature.

The other option is to continue emphasizing and explaining our success on this issue at Kyoto (where few observers expected us to obtain exemptions for our military), while deferring questions on domestic implementation to a later time. This would avoid charges of special treatment and allow a more thorough consideration of the role of the military in any emissions trading program, against the backdrop of other domestic implementation issues. However, it would also entail a level of

concern about this issue among the uniformed military that would be damaging, in the short- and long-run. It would provide opponents of our global warming agenda an argument that resonates strongly with many on the Hill. None of your advisors support this option.

_____ Option 1 _____ Option 2 _____ Let's discuss