Withdrawal/Redaction Sheet
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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Robert E. Rubin to POTUS re: Your Dinner with German Chancellor Kohl (2 pages)	06/04/97	P5
002. briefing paper	re: Russian Financial Issues (2 pages)	ca. 1999	P5
003. memo	Robert E. Rubin to POTUS re: Meeting with German Chancellor Schroeder (3 pages)	02/09/99	P5
004. memo	Robert E. Rubin to POTUS re: The Economic Agenda for the Lyons G-7 Summit (4 pages)	06/24/96	P5

COLLECTION:

Clinton Administration History Project

OA/Box Number: 24126

FOLDER TITLE:

[History of the Department of the Treasury - Supplementary Documents] [28]

jp25

RESTRICTION CODES

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RR. Document will be reviewed upon request.

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1997-SE-005951

DEPARTMENT OF THE TREASURY

Washington

June 3, 1997

ACTION

TO: Secretary Rubin

FROM: Lawrence Summers

SUBJECT: President's Dinner with Chancellor Kohl

The President is having dinner with Chancellor Kohl Wednesday night and Assistant Secretary Kornblum suggested to Lipton today that you provide the President directly some background on the German economic outlook and EMU.

I have attached some points you might find useful.

In addition, Chancellor Kohl may raise the issue of bringing Russia fully into the G-8 and thereby eliminating the G-7 completely.

I am going to try to reach Sandy Berger separately to reinforce with him the importance we attach to preserving the integrity of the G-7 economic process and to urge him to urge the President to resist any further concessions toward Russian integration into the Summit process at this stage.

If you have a chance to raise this directly with the President tomorrow before his dinner, that might be helpful.

EXECUTIVE SECRETARIAT

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**************** -COMM.JOURNAL- ******************** DATE JUN-04-1997 ***** TIME 16:24 *** P.01

MODE = MEMORY TRANSMISSION START=JUN-04 16:19 END=JUN-04 16:24

FILE NO.= 016

NO.	COM	ABBR/NTWK	STATION NAME/ TELEPHONE NO.	PAGES	PRG.NO.	PROGRAM NAME
001	OK	8	94569460	003/003		

-EXEC. SEC. TREASURY DEPT-

************************************ - - ***** - 202 622 0073- *********

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAX TRANSMITTAL SHEET

Date: 6/4

Number of Sheets to Follow: 2

TO: Glynn Davies for Sandy Berger

Addressee's Fax # : 456-9460

Addressee's Confirmation # : 456-9461

From: Neal Comstock for Robert Rubin

Sender's Fax # : (202) 622-0073

Sender's Confirmation # (202) 0064

SPECIAL INSTRUCTIONS/COMMENTS: cc of memo to President

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

FAX TRANSMITTAL SHEET

Date: 6/4

Number of Sheets to Follow: 2

TO: Ian Tarullo

Addressee's Fax # : 456-1605

Addressee's Confirmation # : 456-5353

From: Robert Rubin

Sender's Fax # : (202) 622-0073

Sender's Confirmation # (202) 622 0064 real Constant

SPECIAL INSTRUCTIONS/COMMENTS: cc of memo to President

****
*** ACTIVITY REPORT ***
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TRANSMISSION OK

TX/RX NO.	8092
CONNECTION TEL	94561605
CONNECTION ID	
START TIME	06/04 16:01
USAGE TIME	01'04
PAGES	2
RESULT	OK

TREASURY CLEARANCE SHEET

No.__________
Date: June 3, 1997

MEMORANDUM FOR: ■ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
■ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER __________

FROM: Lawrence Summers
THROUGH:
SUBJECT: Letter from the Secretary to the President re Dinner w/German Chancellor Kohl

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance

orcement
ATF
Customs
FLETC
Secret Service
eral Counsel
ector General

slative Affairs
agement

☐ Policy Management

NCC to LS
LS signed
NCC to RER
(signature)
6/4/97

MFroman
ok to
autopen
with RER changes
6/4/97

NAME

INITIA

Joe Gag

DO/IMI

REVIE

Timothy

O/IM

Caroline

O/IA

please log
In

NCC sent cc
to Tarullo
Berger
6/4/97
please file fax
sheets

SPECIAL INSTRUCTIONS

☐ Review Officer Date

☐ Executive Secretary Date

DO F 80-02.1

(04/89)

1999-SE-001424

Carol Carnes

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.
February 8, 1999

ACTION

UNDER SECRETARY

MEMORANDUM FOR SECRETARY ROBERT E. RUBIN

FROM: Timothy F. Geithner TFG
Under Secretary for International Affairs

SUBJECT: Memorandum to the President on Schroeder Visit

ACTION FORCING EVENT:

German Chancellor Schroeder will meet the President on February 11 for lunch and an informal working visit. The agenda features such key economic issues as Russia and international financial architecture. In addition, continental Europe's economic outlook is looking less promising, while the recent successful launch of the euro has drawn attention away from the need for structural reforms to improve labor market flexibility and growth performance.

RECOMMENDATION:

That you sign the attached memo to the President, highlighting key economic issues to raise with Chancellor Schroeder (see Tab A).

________ Agree ________ Disagree ________ Let's Discuss

Attachment: Tab A: Memorandum to the President

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GERMANY

IMI/Carol Carnes
February 5, 1999

MACROECONOMIC OVERVIEW

The German economy is slowing significantly after last year's strongest showing since reunification. Growth is likely to slow to 1.7% this year, after 2.8% in 1998. Since last August, the outlook has looked increasingly soft as global prospects, particularly for Asia and Russia, have dampened demand for German exports and shaken business confidence. Business confidence has also been affected by the view that the new government, elected at the end of September, is less committed to addressing Germany's structural problems and is planning to expand the role of government in managing markets. While equipment investment has been strong, construction spending has been declining since the end of the rebuilding boom in the east after 1996. The forward-looking IFO business climate index has turned downward and continues to deteriorate. However, measures of consumer optimism are high. With net exports essentially flat, we expect private and public consumption will play a larger role in 1999.

Unemployment is high (10.8% s.a. in December) but under the 11.8% record reached in 1997. Price pressures are virtually nonexistent in the current climate; with inflation at 0.9% in 1998 and a forecast 1-1.5% for 1999. Although lower commodity and import prices -- and weakness in food prices for most of 1998 -- have fueled talk about deflation, core inflation remains positive, perhaps on the order of about 1%.

MACROECONOMIC POLICY MIX

Fiscal consolidation decelerates: The new government's budget plans continue to target fiscal consolidation, but at a <u>much slower</u> pace. The public sector deficit (Maastricht definition) has narrowed from 3.5% of GDP in 1996, to 2.7% of GDP in 1997 and 2.1% of GDP in 1998. However -- with Maastricht criteria met, the new government in place, and softening growth prospects -- we do not anticipate any further narrowing as moderate growth effects are offset by some social spending, a recent constitutional court ruling that will reduce tax revenues (by DM 10 billion in 2000 and up to DM 35 billion by 2002), and continued transfers to eastern Germany (amounting to over DM 140 billion, 4% of GDP). A mid-January article by Finance Minister Lafontaine, co-authored with his French counterpart, shifted emphasis from deficit targets to restraints on government spending (to less than potential output growth).

The SPD negotiated a tax package with coalition partner Greens to provide tax relief of about DM 15 billion ($9 billion or 0.7% of GDP) when the program is fully implemented in 2002. The reform would lower tax rates for those in both the lowest and highest income tax brackets, and increase exemptions for children. Corporate tax rates would be reduced gradually during the first two years of the reform from 45% to 40%, with the goal of moving to 35% by 2002. German industry, which would immediately lose about DM 34 billion in deductions and loopholes, has opposed the plan. Industry argues that these reforms, small and implemented over four years, will not provide much economic (or employment) boost. But there may be modest economic efficiency gains from reform of the loophole-ridden German tax code.

Monetary policy easing: As of the beginning of 1999, responsibility for monetary policy has shifted from the Bundesbank to the European Central Bank (ECB). Market analysts expect continental Europe's dampened growth outlook to bias ECB monetary policy toward easing, with a possible rate cut -- perhaps on the order of 25 basis points -- sometime toward the end of the first quarter. Complicating matters, the ECB needs to establish its independence to the markets, and avoid the appearance of bowing to pressure from government officials, such as Finance Minister Lafontaine and his chief deputy Heiner Flassbeck, who are strong advocates of expansionary monetary policy.

MAIN POLICY ISSUES

The Schroeder/Lafontaine agenda: In his initial address to the Bundestag, Chancellor Schroeder emphasized that his primary focus is on domestic and economic issues, notably the unemployment situation. Finance Minister Lafontaine has endorsed a larger, more activist management role for the public sector. On financial issues, Lafontaine has advocated further interest rate reductions and "greater cooperation" on exchange rates.

Unemployment under 1997 record but still high, stubbornly so in east: Unemployment, at a seasonally adjusted 10.8% (December 1998), has retraced to 1996 levels and is under the 11.8% high set in October 1997. The East has seen little improvement, with unemployment stubbornly higher, around 17-18%. In the East, the construction sector comprises a disproportionately large one-third of the region's GDP, and diversification of activity as a follow-on to the post-reunification construction boom has not materialized as hoped.

The persistently high and divergent unemployment rates draw attention to the need for structural reforms to improve labor market flexibility. Under the previous (Kohl) government, some limited progress was achieved on reforms aimed at loosening labor market rigidities and lowering non-wage labor costs, with more progress made on deregulation. However, indications are that the new government has shifted emphasis away from reform in favor of unemployment concerns and preserving a "positive industrial relations climate."

Net export growth dissipates: Germany's recovery has relied heavily on export growth and the current account probably registered a small surplus (for the first time since reunification) in 1998. We expect net export growth to flatten this year, given slower growth in major U.S./European markets, and developments in Asia, Russia and Latin America.

RECENT DEVELOPMENTS

Statistics cast shadow on 98Q4-99Q1 growth: Industrial production declined 2.2% m/m in November; the Purchasing Managers Index contracted in January for the fourth straight month.

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UNCLASSIFIED - SENSITIVE

GERMANY

Nominal GDP, 1997 ($ bil):	2,102.7	Per capita GDP, 1997 ($,PPP):	25,534
Population, 1998 (mil):	82.2	Fiscal Year:	January 1 - December 31

Comparative Forecast:	Real GDP Growth (%)			CPI Inflation (%)			Current Account (%GDP)		
	1998	1999-f	2000-f	1998	1999-f	2000-f	1998-e	1999-f	2000-f
Treasury (January)	2.8	1.7	2.3	1.0	1.5	1.8	0.0	0.1	0.0
IMF (January)		1.5	3.0		1.1	1.3		0.0	0.4
OECD (December)		2.2	2.5		-	-		0.7	0.9
Fed (January)		1.5	2.3		0.9	1.2		-	-
Consensus (January)		1.8	2.5		1.0	1.6		-	-

	1996	1997	1998	1999-f	Quarterly 1998-1	1998-2	1998-3	1998-4
GDP		(% change)			(% change on previous quarter, s.a.a.r.)			
Real GDP	1.3	2.3	2.8	1.7	5.9	0.2	3.5	#N/A
Consumption (private)	1.4	0.6	#N/A	2.2	3.4	-1.6	3.8	#N/A
Investment (total)	-1.0	0.2	#N/A	#N/A	11.1	-16.9	8.7	#N/A
Government (consumption)	2.7	-0.7	#N/A	1.2	16.2	-1.8	-0.5	#N/A
Exports	5.3	11.2	#N/A	3.5	0.8	10.9	1.5	#N/A
Imports	3.0	8.3	#N/A	4.6	5.6	5.7	-2.3	#N/A
Inflation		(% change)			(% change on previous year)			
Consumer Prices	1.5	1.8	1.0	1.5	1.2	1.3	0.8	0.6
Producer Prices	-0.4	1.1	-0.4	-	0.6	0.1	-0.7	-1.5
Balance of Payments					(s.a.a.r.)			
Current Account ($ bil)	-13.7	-4.5	#N/A	-2.0	-17.9	3.4	0.1	#N/A
Current Account (% of GDP)	-0.6	-0.2	#N/A	0.1	-0.9	0.2	0.0	#N/A
Merch.Trade Bal. w/US ($ bil)	15.4	18.7	#N/A	-	20.3	22.9	22.9	#N/A
Exchange Rate					(% change on previous quarter)			
Real Trade Weighted (% chg)	-4.3	-5.4	1.3	-	0.3	0.6	1.2	-0.1
DM /$ (level, period avg)	1.5048	1.7339	1.7593	-	1.8187	1.7938	1.7612	1.6635
Fiscal Policy (calendar year)								
Gen. Govemmt Exp (% GDP)	49.1	47.9	47.1	46.9				
Gen. Gov. Fin. Bal. (% GDP)	-3.4	-2.6	-2.4	-2.1				
Monetary Policy					(M3 %chg q/q, int rates end-of-period)			
Money Supply (M3, period avg)	7.5	6.2	4.4	-	1.0	1.4	1.2	1.9
Interest Rates: 3 mo. (level,%)	3.3	3.3	3.5	-	3.5	3.6	3.5	3.5
10 yr. Govt bond (level,%)	6.6	5.9	4.7	-	5.1	5.1	4.5	4.2
Labor Market					(s.a.a.r.)			
Unemployment Rate (%)	10.4	11.5	#N/A	10.9	11.5	11.3	11.0	#N/A
Empl. as % Work. Age Pop.	61.7	60.7	60.5	60.6				
Other Indicators		(% change)			(% change on previous year)			
Industrial Production	-0.4	2.6	#N/A	-	6.8	2.4	3.5	#N/A
IFO Business Climate Index	-12.4	8.0	7.0	-	16.5	14.6	5.0	-7.9

Sources: OECD, IMF; U.S. Commerce Dept.; Haver data base.
Treasury, IMF, OECD, Fed forecasts sensitive.

IMI: Carnes
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To ~~PA~~/NCC 2/8/99

NCC/PA revised 2/9/99

NCC to RER 2/9/99

RER signed 2/9/99

~~RR~~ Orig to NSC Secretariat 2/9/99

Please log + file

G-7

Withdrawal/Redaction Marker
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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

UNDER SECRETARY

ACTION

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: Deputy Secretary Summers

FROM: Jeffrey R. Shafer
Under Secretary (International Affairs)

SUBJECT Memo for the President on the Lyons Summit

ACTION FORCING EVENT:

There are a few issues on the agenda for the upcoming G-7 Summit in Lyons which we believe you should highlight for the President.

RECOMMENDATION:

That you sign the attached memorandum.

Agree ___✓___ Disagree _________ Let's Discuss _________

EXECUTIVE SECRETARIAT

1997-SE-000145

DEPARTMENT OF THE TREASURY
WASHINGTON

UNDER SECRETARY

MEMORANDUM FOR SECRETARY RUBIN

THROUGH: Lawrence Summers
Deputy Secretary

FROM: Jeffrey Shafer
Under Secretary for International Affairs

SUBJECT: Progress Report to the G-7 Heads of State and Government

ACTION FORCING EVENT:

The "Progress Report to the G-7 Heads of State and Government on Promoting Financial Stability" has been finalized and is ready to be transmitted to the President.

RECOMMENDATION:

That you sign the attached memorandum to the President transmitting the report.

Agree_______ Disagree_______ Let's Discuss_______

BACKGROUND

As you may recall, the Heads of State and Government in Lyon called for maximum progress over the coming year in: enhancing cooperation among supervisors of internationally-active financial institutions; encouraging stronger risk management and improved transparency in the markets; encouraging the adoption of strong prudential standards in emerging markets, and studying the implications of advances in E-Money technologies.

As we informed you a few weeks ago, the report is a progress report only, providing a description of our current work plan underway. It does not describe everything we hope to achieve for Denver. We are currently developing more thoroughly our goals, subject to the constraints imposed by our regulators, and will continue to work with the G-7 and the international regulatory bodies to produce a final report for the Denver Summit.

ATTACHMENTS: Memorandum to the President
Tab 1: Progress Report

1997-se-000145

000145

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

January 10, 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin RER

SUBJECT: G-7 Progress Report on Promoting Financial Stability

In the run-up to the Lyon Summit last year, we were successful in convincing our G-7 colleagues of the need to take additional steps to promote stability in the international financial system. As a result, we flagged the key vulnerabilities of financial markets and established what is likely to become a rolling agenda focused on our objectives: improved market transparency and better financial supervision.

I am pleased to report that we have made great strides since June to implement the Summit Communique. I believe that our efforts have increased the level of international cooperation and focused attention on the need to reduce systemic risks in the international financial system. I am attaching an interim Progress Report, which describes our work plan underway. My G-7 colleagues are also submitting this report to their respective heads of state or government.

I believe that we need to continue to be vigilant, and I remain very interested in pursuing practical measures to reduce systemic risks. I look forward to using our leadership in the G-7 to prepare a substantive and meaningful report to you in time for the Denver Summit.

Attachment: Tab 1: G-7 Progress Report on Promoting Financial Stability

cc Sandy Berger
Gene Sperling
Dan Tarullo

PROMOTING FINANCIAL STABILITY

PROGRESS REPORT
TO THE G-7 HEADS OF STATE AND GOVERNMENT

INTRODUCTION

The Heads of State and Government in Lyon called for the "implementation of improved practical measures to deal with risks relating to the operation of the global financial markets." The Heads asked for maximum progress over the coming year in:

-- enhancing cooperation among the authorities responsible for the supervision of internationally-active financial institutions, importantly by clarifying their roles and responsibilities;

-- encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets;

-- encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities;

-- studying the implications of recent technological advances which make possible the creation of sophisticated methods for retail electronic payments and how to ensure their benefits are fully realized.

The Heads requested that the G-7 Finance Ministers report to the next Summit in Denver on these issues. This progress report from the Ministers describes the results of the work that has been undertaken by Finance Ministries, in association with national authorities and the international financial regulatory bodies, to specify in more details the areas of work which will need to address Heads' concerns in financial regulation, describes efforts undertaken to date and plans currently underway; and sets out a tentative timetable for completion of this work.

KEY OBJECTIVES

International financial markets are undergoing rapid changes, leading to increased expansion, globalization, and complexity. These changes present new opportunities that are resulting in increased efficiency in the functioning of the international financial system and in economic growth. At the same time, the changes present new challenges -- to consumers, investors, and the markets. Governments must take measures to deal effectively with possible systemic or contagion risks, and foster financial stability without stifling financial innovation or undermining the benefits of liberalization and competition or encouraging moral hazard. The supervisory and regulatory response, including international cooperation, must continually evolve to anticipate and respond promptly and effectively to market innovations and new risks as they arise.

Over the years, the international regulatory bodies have undertaken extensive work in setting standards and producing guidance in regulatory areas to promote financial stability. They, with the international financial institutions, governments and national authorities, are continuing these efforts. Governments and regulators have to be careful that the policies and regulations they develop do not result in "regulatory arbitrage", resulting in the flight of financial activities to less regulated or even unregulated markets.

We, Ministers of Finance, have engaged in a close consultation with the international regulatory bodies, to set up precise objectives and a work plan on those areas in which Heads have identified progress as a priority.

Enhancing cooperation among authorities responsible for the supervision of internationally-active financial institutions, importantly by clarifying their roles and responsibilities

Supervisors need to exchange pertinent information, both on an ongoing basis and in emergencies. They also need to develop other appropriate cooperative arrangements to address emerging concerns at internationally-active firms in a proactive fashion.

In a world of rapidly developing financial markets and financial innovation, supervisors need to have adequate information to assess risks and to require institutions to manage them appropriately. As the gap between firms' business lines and their legal entity structures widen, supervisors need to be able to obtain more information to assess risks incurred by the firm as a whole. Supervisors' ability to exchange information is an important tool in comprehensive risk assessment.

Work plan

With the full cooperation of the international financial regulatory bodies, we have asked for priority to be given to the following contributions and proposals:

- a list of major internationally-active financial institutions with the supervisors involved;
- concrete proposals for putting in place cooperative arrangements and options for objectives and roles assigned to coordinating supervisors, both for ongoing supervision and for emergencies;
- prospects for setting a broad set of supervisory principles for the supervision of financial conglomerates under the work plan of the Joint forum on Financial Conglomerates;

- status of progress achieved in effective information sharing and remaining gaps to be addressed;

- a factual report on the main obstacles, including legal issues encountered by authorities in information exchanges, and if any, proposals for the Governments to tackle them.

Regulators and supervisors are cooperating in various fora to improve information sharing and to identify information that is needed, by whom and on which time scale, for effective supervision. The Base Committee on banking supervision and the Technical Committee of the International Organization of Securities Commissions (IOSCO) are preparing a further report by end-April 1997 outlining additional arrangements among supervisors in the supervision of internationally-active financial institutions. The Joint Forum on Financial Conglomerates, which is sponsored by the Basle Committee, IOSCO, and the International Association of Insurance Supervisors (IAIS), and includes banking, securities, and insurance regulators from 12 countries and the EU is also contributing to the process by preparing procedures for information sharing and coordination among supervisors and identifying and evaluating information needs to enhance emergency preparedness. The Joint Forum is also developing principles for assessing capital adequacy of financial conglomerates and assessing prospects for setting principles for their future supervision. The IAIS, after having restructured its working bodies, is prepared to contribute to this work from the viewpoint of insurance supervision.

The work program in this area will extend beyond Denver. But there will be a substantive progress report for the Denver Summit, including elements where agreement has been reached. The international regulatory bodies have already given notice that they will be asking for action by governments to legislate to allow an enhanced level of exchange of information.

Encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets

Encouraging stronger risk management

As financial institutions engage in more and more complex and global transactions, it is critical for their Boards of directors and senior management to put in place effective systems that enable them accurately to measure, monitor, and control risks. It is also essential that firms maintain a capital base that adequately provides for such risks and engenders confidence in the markets. Regulators and supervisors should continue to collaborate to address these issues.

Improving transparency in the markets

An important element in efforts to enhance the role of market discipline and protect consumers and investors is to encourage financial institutions to disclose information on a more comprehensive basis. Efforts to improve the quality of firms' public annual report disclosures about trading and derivatives activities are important. In addition, the feasibility and desirability of providing some information on a more continuous and up-to-date basis should be explored. Initiatives to implement high-quality internationally accepted accounting standards and auditing practices are also critical, if such information is to be fully useful.

Reducing payment and settlement risks

Failures or problems by large financial institutions can have serious ramifications for the payments and settlements system, which is a key part of the infrastructure of the financial system. The implementation of initiatives to reduce settlement risks in exchanges and markets, in particular in foreign exchange settlements risks, play an important role in enhancing financial stability.

Work plan

With the full cooperation of the international regulatory bodies, we have asked them to prepare as priorities;

- concrete proposals to strengthen requirements for reporting and public disclosure of trading and derivative activities;
- an assessment of the capacity of supervisors to be aware of very large positions;
- a report on possible ways to reinforce risk management and control mechanisms, in particular for financial firms; and
- a report on work underway and envisaged further to reduce risks to payment and settlement systems.

We will also encourage further progress towards the development and adoption of high-quality IASC international accounting standards.

There is a great deal of achieved and ongoing work by the national authorities and in international regulatory bodies, which is responsive to G-7 priority requests.

Encouraging stronger risk management

The Basle Committee has put a market risk package in place which strengthens incentives for good risk management. IOSCO is continuing its work based on its April 1996 report to develop initiatives aimed at enhancing risk management controls at firms, including the evaluation of the use of value at risk models that help managers better measure market risk. IOSCO will also be looking at the possible use of such models for assessing capital standards. The Eurocurrency Standing Committee issued a report in July 1996 proposing a framework for improving global derivatives markets statistics, which will help supervisors and market participants better understand the evolving scope and nature of derivatives markets. The Basle Committee has formed a working group to focus on the development of policies to address risk management and internal control issues, expanding the work on risk management guidelines for banks' derivatives activities published in July 1994. IOSCO published similar guidelines at that time, and is currently examining the scope of further work in this area. IAIS has set up a committee to study the supervisory approach to the use of derivatives by insurers in order to develop recommendations for the insurance sector.

Improving transparency in the markets

The Basle Committee, IOSCO, and the Eurocurrency Standing Committee are encouraging the adoption of improved standards for public disclosure of trading and derivatives activities. IAIS intends to work on issues related to these activities. The Basle Committee and IOSCO have just released a joint survey on international banks' and securities firms' disclosure of such activities with the aim of stimulating further improvements in this field. The Basle Committee has recently assigned a single working group to focus on supervisory reporting and public disclosure issues, and to work closely with a separate task force on accounting matters. The International Accounting Standards Committee is cooperating closely with IOSCO to complete the development of a comprehensive core set of international accounting standards to help market participants and supervisors better analyze institutions across countries. Because disclosure regimes in individual countries are governed by legal frameworks, in some countries legislative action may be needed to achieve a higher common standard of disclosure that should evolve in response to market developments.

Reducing payment and settlement risks

The BIS Committee on Payments and Settlement Systems have undertaken important work on the management of foreign exchange settlement exposures in private financial institutions, work which is being continued. IOSCO and the BIS Committee are currently undertaking a joint project to develop a disclosure framework for securities clearing and settlement systems. Regulators are also examining ways to strengthen risk controls and are continuing to review the use of netting in cross-border transactions as a means to lessen the impact of payment problems on the international payments system. The international regulatory bodies have indicated that the enforceability of netting agreements in relation with insolvency and bankruptcy rules is an area to which governments will need to give continued attention.

Encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities

Cooperation with emerging market economies authorities is essential to foster good regulatory, institutional and legal systems, in order to minimize the risk of financial emergencies that could have adverse systemic consequences.

G-7 authorities should encourage the G-10, international financial institutions, and the international regulatory bodies to intensify their efforts and will continue to work closely with them in support of these objectives.

Work plan

The G-10 has formed a working party to identify and analyze factors that promote financial stability in emerging economies and build on efforts underway by the Basle Committee, IOSCO, IAIS and the international financial institutions. The working group's objectives are to build a consensus among G-10 members, representatives of key emerging markets, and international financial institutions on 1) a set of key elements underpinning sound supervisory systems, and 2) concrete steps for achieving these goals, including coordinating the efforts of international bodies of regulators and international financial institutions to ensure effective integration of such key elements, as appropriate, throughout emerging market economies. The working party will prepare an interim report for the G-10 in April, 1997 and a final report by end-May, 1997

The regulatory bodies have engaged in this cooperation. The Basle Committee issued a report in October 1996 setting out a framework for improving and facilitating the supervision of cross-border banking, which was endorsed by supervisors of 140 countries. The Basle Committee has undertaken to hold regular meetings with various categories of non-G10 supervisors with a view to fostering the adoption of common standards. The Basle Committee will keep G-7 Ministers informed on the result of these efforts. IOSCO and IAIS, whose broad membership includes developed and emerging market countries, will continue to work on these issues.

Additionally, the enlargement of the membership of the BIS to new key developing countries is also an important step to increasing cooperation.

Studying the implications of recent technological advances which make possible the creation of sophisticated methods for retail electronic payments and how to ensure their benefits are realized

A G-10 working party has now begun meeting to examine this issue. Its focus is on stored value cards and on functionally equivalent network payments services. The group is assessing the current state of development in these technologies in G-10 countries and reviewing the different approaches being taken with respect to competition policy and the degree and extent of regulation and supervision that may be required. The group is also bringing together the work which international bodies and countries have been doing in this area, particularly on consumer protection, law enforcement, and supervisory issues.

The group will complete its study early in 1997 and produce a report for submission to Deputies next March.

12/10/96

TREASURY CLEARANCE SHEET NO.

Date

MEMORANDUM FOR: ☐ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☒ OTHER President Clinton

FROM: Secretary Rubin
SUBJECT: G-7 Progress Report on Financial Stability

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
- ☐ Domestic Finance
- ☐ Economic Policy
- ☐ Fiscal
  - ☐ FMS
  - ☐ Public Debt

☐ Under Secretary for Int'l Affairs
- ☐ International Affairs

☐ Enforcement
- ☐ ATF
- ☐ Customs
- ☐ FLETC
- ☐ Secret Service

☐ General Counsel
- ☐ Inspector General

☐ IRS

☐ Legislative Affairs
- ☐ Management

☐ Policy Management
- ☐ Scheduling

☐ Public Affairs/Liaison
- ☐ Tax Policy

☐ Treasurer

☐ E & P
- ☐ Mint
- ☐ Savings Bonds

☐ Other

NAME (Please Type)	INITIAL	DATE	OFFICE/ROOM NO.	TEL. NO.
INITIATOR(S)				
Saul Carpio	SC	1/6/97	IMB/OASIA	2-1253
REVIEWERS				
David Lipton	DL		IA/OASIA	622-1270
Jeff Shafer			I/OASIA	622-0060

SPECIAL INSTRUCTIONS

☐ Review Offices Date: ☐ Executive Secretary Date

Subject: G-7 Progress Report on Financial Stability

Drafted by: S. Carpio, IMB

Cleared: T. Geithner, IM
B. Murden, IMB

Draft: January 6, 1997

1997-SE-006512

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

June 17, 1997

ACTION

MEMORANDUM FOR SECRETARY RUBIN

FROM: Timothy Geithner
Senior Deputy Assistant Secretary (International Affairs)

SUBJECT: Memorandum for the President Transmitting G-7 Finance Ministers' Report to Heads of State and Government on Promoting Financial Stability

ACTION FORCING EVENT:

The Report has been approved by all G-7 Finance Ministers and is ready for transmission to heads. (Tab 2)

RECOMMENDATION:

That you initial the memo for the President and approve transmission of the Report. (Tab 1)

Agree ✓ Disagree_________ Let's Discuss_________

BACKGROUND:

The G-7 Finance Ministers' Report to Heads on Promoting Financial Stability, which you approved recently, has been approved by all G-7 Finance Ministers. The attached memo to the President transmits the Report and summarizes key points and achievements.

Attachments Tab 1: Memorandum for the President
Tab 2: G-7 Finance Ministers' Report to Heads of State and Government on Promoting Financial Stability

cc: Deputy Secretary Summers
Assistant Secretary Lipton
Daniel Tarullo

EXECUTIVE

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

SECRETARY OF THE TREASURY

June 1[illegible], 1997

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin R.E.R.

SUBJECT: G-7 Finance Ministers' Report to Heads of State and Government on Promoting Financial Stability

I am pleased to convey that, in association with our G-7 partners and the international financial community, we have made considerable progress in the implementation of the Lyon Summit objectives on promoting financial stability. Attached is our report describing our achievements since Lyon and proposals to carry this process forward.

The most important results of this process so far are the following:

- We have developed a strategy to strengthen financial systems in emerging economies. This is important because weak financial systems, as we learned in Mexico, can precipitate and exacerbate economic crises. This strategy includes agreement on a single, universal set of guidelines and principles for strong financial regulation and a plan for mobilizing the World Bank, the IMF, and the international regulatory community to help countries put these standards in place.

- We have also reached agreement on a set of proposals for reducing risk in the major financial centers, through steps to establish a global network of supervisors and regulators to enhance oversight of the major global financial institutions and markets, and to improve transparency and disclosure.

- We have reached agreement on an important report on the international implications of electronic money, which outlines a consensus on a framework of principles for guiding national approaches to these emerging electronic payment technologies, based on a market-based approach which plays well to our strengths in financial services and information technology.

These efforts are part of an ongoing process to strengthen the global financial system which you initiated in Naples and Halifax. Looking forward, we will focus on implementation of these proposals, particularly in the area of strengthening standards in emerging markets and enhancing cooperation among supervisors in the major financial centers.

June 2, 1997

PROMOTING FINANCIAL STABILITY
Executive Summary

At the request of the Heads of State and Government in Lyon, the G-7 Ministers of Finance are pleased to report on the extensive progress that has been achieved in promoting the stability of the global financial markets in the four areas delineated in the Lyon Summit Communique':

International Regulatory Cooperation

- Supervisors[1] have developed a set of proposals for enhancing cooperation in the supervision of globally-active financial institutions on an on-going basis and in emergency situations.

- Supervisors have made substantial progress toward agreement on a framework of supervisory principles for globally-active financial institutions, including techniques to assess capital adequacy.

Risk Management and Market Transparency

- Supervisors have studied the organizational and management structures of selected globally-active financial conglomerates, developed supervisory tools to better understand their risk management processes, and are expanding guidance on sound risk management systems.

- Supervisors have taken steps to enhance disclosure practices by financial firms and to improve the information firms provide to supervisors and regulators.

- G-10 Central Banks have taken steps to reduce settlement risk in foreign exchange transactions and, together with IOSCO, in securities settlement systems.

Prudential Standards in Emerging Economies

- The Working Party on Financial Stability in Emerging Market Economies, comprised of representatives from the G-10 countries and emerging market economies, issued a report recommending a concerted international strategy to assist emerging economies in strengthening their financial systems based on a set of broad principles and practices. The working party proposes roles for international regulatory bodies, international financial institutions, and for providers of technical assistance, while emphasizing the ultimate responsibility of national authorities in emerging market economies, the need for sound macroeconomic policies, and the importance of open, competitive, and transparent

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[1] The term "Supervisors" is meant to refer broadly to national supervisory and regulatory authorities, and, where applicable, to organizations of supervisors, including the Joint Forum on Financial Conglomerates, or its sponsoring bodies, the Basle Committee on Banking Supervision, the International Organization of Securities Commissions ("IOSCO") and the International Association of Insurance Supervisors ("IAIS").

markets.

- The Basle Committee, in cooperation with 15 key emerging economies, developed a set of "Core Principles for Effective Banking Supervision," which will contribute significantly to the adoption of improved prudential standards worldwide, particularly in emerging markets.

Electronic Money

- The G-10 Working Party on Electronic Money reached agreement on a set of broad objectives and key considerations to help guide national approaches to emerging electronic payment technologies, including the need for transparency, financial integrity, technical security, and evaluations of vulnerabilities to criminal activity.

Looking Forward

Looking beyond the Denver Summit, G-7 Finance Ministers urge that efforts to strengthen the international financial system continue. We have identified two areas warranting particular effort. In the area of enhancing cooperation among supervisors of globally-active financial institutions, we have encouraged international regulatory bodies and national supervisors to reach agreement and implement their proposals for enhanced cooperation. We are also undertaking an assessment of the impediments to information sharing that have been identified. With respect to strengthening financial systems and prudential supervision in emerging economies, we have asked the G-10 Deputies, in collaboration with emerging market representatives, to review implementation of the strategy proposed by the working party. We have also called on the international regulatory bodies, the IMF and the World Bank to report to Finance Ministers next April on their contributions to this process.

June 2, 1997

FINAL REPORT
TO THE G-7 HEADS OF STATE AND GOVERNMENT
ON PROMOTING FINANCIAL STABILITY

INTRODUCTION

The Heads of State and Government in Lyon called for the "implementation of improved practical measures to deal with risks relating to the operation of the global financial markets." The Heads asked for maximum progress over the year in:

- enhancing cooperation among the authorities responsible for the supervision of internationally-active financial institutions, importantly by clarifying their roles and responsibilities;
- encouraging stronger risk management and improved transparency in the markets and connected activities, especially in the innovative markets;
- encouraging the adoption of strong prudential standards in emerging economies and increasing cooperation with their supervisory authorities; and
- studying the implications of recent technological advances which make possible the creation of sophisticated methods for retail electronic payments and how to ensure their benefits are fully realized.

The Heads requested that the G-7 Finance Ministers report to the next Summit in Denver on these issues. In December 1996, the Ministers provided an Interim Progress Report to the Heads outlining in detail the extensive work undertaken by Finance Ministries, in association with national authorities and the international regulatory bodies[1] to address the Heads' interest in these areas. This final report for the Summit in Denver describes the accomplishments since Lyon and recommends a set of objectives and proposals to carry this process forward.

International financial markets are undergoing rapid changes, leading to increased expansion, globalization, and complexity. These changes present new opportunities that can lead to increased efficiency in the functioning of the international financial system. At the same time, the changes present new challenges -- to consumers, investors, and the markets. Governments must take measures to deal effectively with possible systemic or contagion risks and foster financial

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[1] The Basle Committee on Banking Supervision, the International Organization of Securities Commissions, the International Association of Insurance Supervisors, and the Joint Forum on Financial Conglomerates (which is sponsored by the first three bodies and includes banking, securities, and insurance regulators from 13 countries and the European Commission).

stability without stifling financial innovation or undermining the benefits of liberalization and competition. Governments and regulators have to be careful that the policies and regulations they develop do not result in "regulatory arbitrage," resulting in the flight of financial activities to less regulated or even unregulated markets. We must pursue these efforts while maintaining the important role of market discipline and promoting the improvement of prudential standards.

In the past year, national and international regulatory bodies, the International Monetary Fund, the World Bank and others[2] have continued to intensify their cooperative efforts on a national, bilateral, and multilateral basis to strengthen the international financial system. These actions have produced meaningful progress to enhance risk assessment and address possible systemic or contagion problems. We welcome the increasing degree of interaction and cooperation among all the various bodies and encourage them to continue their efforts.

OBJECTIVES

Enhancing Cooperation Among Supervisors of Globally-Active Financial Institutions

Major, globally-active financial institutions operate in world markets through a variety of legal entities and functional business lines and across geographic jurisdictions. Therefore, as a practical matter, supervisors of regulated entities within a financial group must be in a position to understand a firm's global operations, so that all material risks to the relevant entities within the firm and to the group can be considered. International cooperation among supervisors, including exchange of information, is an important tool in the comprehensive risk assessment of global firms, and in assisting supervisors to take timely supervisory action.

Key Areas of Progress

Substantial work to enhance regulatory cooperation is taking place on a bilateral and multilateral basis. Arrangements to exchange information in emergencies represent a significant step by securities and banking regulators to enhance the supervision of globally active financial institutions and are a building block to expand further regulatory cooperation. We welcome the important steps outlined in the reports of the international regulatory bodies to enhance cooperation among supervisors on an ongoing basis and in emergency situations.

The Joint Forum has agreed that, in appropriate circumstances, a coordinator should be identified to facilitate the exchange of information on globally-active financial institutions. The Joint Forum is continuing to develop the possible menu of roles that a coordinator could assume during emergency and non-emergency situations. It is also exploring the relative merits and practical implications of each role (including legal and regulatory constraints) for the coordinator and other relevant supervisors.

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[2] These include the International Accounting Standards Committee and the Committee on Payment and Settlement Systems of G-10 Central Banks.

The Joint Forum has also drafted a set of supervisory principles, including techniques to assess the potential impact of the group-wide capital structure on the regulated firms.

IOSCO and its members have undertaken a number of practical measures to strengthen their cooperation, including coordinated inspections, investigations, and reviews of major, internationally-active financial groups.

Regulators from twenty jurisdictions responsible for the supervision of the world's leading derivative markets and over sixty derivatives exchanges reached an agreement intended to improve information sharing on large exposures of internationally-active derivatives firms.

We welcome the progress by these groups and, going forward, we:

- Encourage the Joint Forum to reach agreement on principles for enhanced cooperation, both for ongoing supervision and for emergencies;

- Encourage the Basle Committee, IOSCO, and the IAIS, to develop further their work in these areas, and national supervisors to apply the cooperative arrangements identified by the Joint Forum in its report to Finance Ministers, in order to draw lessons and refine the concrete features of such arrangements;

- Agree to support necessary changes in laws or regulations that facilitate and improve information exchanges for supervisory purposes between national regulatory authorities, while preserving the confidentiality of information.

- Recognize the importance of changing laws and regulations, where necessary, to facilitate onsite inspection arrangements for branches. In addition, the home country supervisor should have the right to obtain information about foreign branches and subsidiaries of the financial institutions under its supervisory jurisdiction. Barriers to onsite inspections should be minimized.

G-7 Finance Ministries are undertaking an assessment of impediments to information sharing identified by the Basle Committee, IOSCO, the IAIS and the Joint Forum.

Encouraging Stronger Risk Management and Improved Transparency in the Markets

A stable financial system depends on sound financial institutions, whose operations are transparent to supervisors and to the market. As financial institutions engage in increasingly complex and global transactions, it is critical that they have in place effective systems to measure, monitor, and control risks, as well as sufficient capital to provide for such risks. Public disclosure can also enhance the role of market discipline by improving the information available to market participants. Insolvency or liquidity problems of major globally-active financial groups can seriously affect the payment and settlement systems, and mechanisms to permit firms to reduce the net value of their exposures to counter parties may lessen the vulnerability of the system to such events.

Key Areas of Progress

- Supervisors have studied the organizational and management structures of selected globally-active financial conglomerates, developed supervisory tools to better understand their risk management processes, and are expanding guidance on sound risk management systems.

- The Basle Committee is currently overseeing the implementation of the January 1996 Amendment to the Capital Accord to incorporate market risks. The amendment requires banks to hold sufficient capital against risks from trading activities and reinforces their efforts to improve risk management techniques.

- The Basle Committee has issued a consultative paper that establishes twelve principles on the management of interest rate risk that its members will use to evaluate the effectiveness of banks' interest rate risk management.

- IOSCO has created a special task force to define acceptable methodologies for determining minimum capital standards and supervisory approaches to systems and controls for internationally-active securities firms.

- Through their comprehensive surveys, the Basle Committee and IOSCO have taken steps to make information available to markets and supervisors on derivatives activities. The Euro-Currency Standing Committee developed a reporting system on derivatives activities of major dealers, to begin in 1998.

- The IASC, in consultation with IOSCO, has the goal of developing, by March 1998, a comprehensive core set of high-quality international accounting standards for use by foreign issuers conducting an offering or seeking a listing.

- The Committee on Payment and Settlement Systems of G-10 Central Banks has taken steps to reduce settlement risk in foreign exchange transactions and along with IOSCO has taken steps to develop and implement a disclosure framework for securities settlement systems.

We welcome the progress that has been made in these areas and look forward to efforts to foster high-quality accounting standards and to improve the information available on the nature and adequacy of risk management and internal controls. In the context of these efforts, we encourage supervisors to examine the feasibility and desirability of establishing stronger public disclosure in periodic financial reports, including whether legislative action is necessary, to maximize the ability of market participants to make meaningful assessments. We also encourage supervisors to explore principles for analyzing the capital positions of regulated entities and where such entities are included in a diversified financial group, on a group-wide basis as well, in order to evaluate risks to the regulated entities.

We welcome the steps outlined in the reports from the international regulatory bodies to reduce risks to payment and settlement systems. We encourage the Committee on Payment and Settlement Systems to continue to work with industry groups that seek to offer risk-reducing multi-currency services.

We agree to introduce, where necessary and appropriate, legislative measures to ensure the enforceability of sound netting agreements in relation to insolvency and bankruptcy rules to reduce systemic risk in international transactions.

Encouraging the Adoption of Strong Prudential Standards in Emerging Economies

Strengthening financial systems in emerging economies will reduce the risks of financial and macroeconomic crises that can impose substantial costs on domestic economies and have potential contagion effects in regional and international markets. In response to the G-7, the G-10 formed a working party to identify and analyze factors that promote financial stability in emerging economies and to outline a concrete strategy to strengthen financial systems in such economies.

Key Areas of Progress

The working party, which included representatives of emerging market economies, international regulatory bodies, and the international financial institutions, made significant progress:

- The working party issued for wider discussion a report recommending a strategy comprising: development of an international consensus on the key elements of sound financial systems; formulation of sound principles and practices by international regulatory bodies; use of market discipline and market access to provide incentives for their adoption; promotion by the IMF, World Bank and others of the adoption and implementation of such principles and practices.

The international regulatory bodies and the BIS have made significant contributions:

- In cooperation with 15 key developing countries, the Basle Committee released a consultative paper on "Core Principles for Effective Banking Supervision," and an accompanying Compendium providing more in-depth guidance on supervisory issues.

- The Basle Committee in October 1996 also issued a report setting out a framework for improving and facilitating the supervision of cross-border banking, which was endorsed by supervisors of 140 countries.

- In the last year, the BIS expanded its membership to include representatives from emerging market economies. IOSCO made changes to its organizational structure to increase the representation of emerging markets. The IAIS formed a special committee to promote the development of emerging insurance markets by establishing principles and offering training programs.

We endorse the strategy proposed by the working party. We also share their view of the ultimate responsibility of national authorities in emerging market economies, the need for sound macroeconomic policies and the importance of further developing competitive, transparent markets operating on sound principles. We encourage the endorsement and implementation of the working party's proposals by national authorities worldwide. We urge national supervisors to implement the Basle Committee's Core Principles, and call on the IMF and World Bank to use them as benchmarks when they advise or conduct surveillance of emerging market economies. We propose the IMF give higher, targeted priority to financial sector stability in its surveillance work, incorporating the guidelines and advice of the supervisory community.

We suggest the international regulatory bodies continue to work within the framework proposed by the working party, in dialogue with the international financial institutions. We propose that parties offering bilateral assistance, the World Bank and other development banks encourage sound financial sectors, consistent with the strategy, through the provision of high quality, well-coordinated technical assistance.

We ask the G-10 Deputies, in collaboration with emerging market representatives, to review implementation of the strategy. In this context, we ask the international regulatory bodies, the IMF and the World Bank to report to Finance Ministers next April on their contribution to this process, including their efforts to strengthen the roles they play in encouraging emerging market economies to adopt the principles and guidelines identified by the supervisory community.

Studying the Implications of Retail Electronic Payments

In response to the G-7, the G-10 formed a working party to develop a broad understanding of the policy issues that might arise from the development of electronic money and identify those relating to consumer protection, law enforcement, and supervision, which could benefit from additional international cooperation. The working party focused on multi-purpose stored value cards and on functionally equivalent payment products for executing payments over open computer networks.

Key Areas of Progress

We endorse the working party report on electronic money and its key findings that consumers, providers and authorities should give attention to the transparency, financial integrity, technical security, and vulnerabilities to criminal activity of electronic money. On cross-border issues, given the early stage of commercial development, we agree with the working party that we should adopt a flexible response to electronic money schemes, particularly in light of somewhat different national approaches to regulation, to minimize any impediments to innovation and competition and hence their active development.

The working party provided a useful forum for reflecting the perspectives of central banks, finance ministries, and law enforcement officials. We agree with the working party's conclusion that it is important to monitor the situation going forward and that a similar approach could be useful in the future if circumstances warrant, though it is not necessary at this time to establish new, formal international coordinating mechanisms specifically addressing electronic money developments.

G-20

1999-se-009926

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

September 10, 1999

SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

FROM: Lawrence Summers

SUBJECT: New Economic and Financial Forum - the G-20

I want to update you on our efforts to establish a new, expanded Finance Ministers' and Central Bank Governors' forum. You will recall that we undertook this initiative as part of the Cologne Summit preparations in order to broaden the international dialogue on economic and financial issues - much as we did through the successful "G-22" discussions that you joined in October 1998.

The new forum was accepted in principle at the Cologne Summit in June. An approach for establishing the group has now been agreed, and G-7 Finance Ministers will announce on September 25 its creation and first meeting - targeted for December in Berlin.

The parameters for the new group are consistent with our original conception.

- We argued successfully to gain membership for key countries. The group will be composed of the G-7 plus: Argentina, Australia, Brazil, China, India, Indonesia, Korea, Mexico, Russia, Saudi Arabia, South Africa and Turkey. In addition, the EU Presidency and the European Central Bank will send special representatives to the meetings.

- To ensure effective coordination with existing institutions, there will also be four *ex officio* members: the chairmen of the Interim and Development Committees, the President of the World Bank and the Managing Director of the IMF.

- We also secured the initial chairmanship for Canadian Finance Minister Paul Martin, who we believe will provide strong leadership for the group - and with whom we have a close relationship.

There was strong pressure to keep this group small in order to facilitate frank and informal discussion. The balance of participants reflects the weight of each region in the global economy; individual country selections within each region are based on economic size and population. On this basis, countries such as Poland and Thailand did not make the final cut. However, the Thai Finance Minister will participate in his capacity as Chairman of the Development Committee, and we have agreed to try to lengthen his term in this position.

We are optimistic that the new G-20 will provide an important vehicle for building consensus and promoting cooperation in coming years. If it develops as we expect, the G-20 will be an important legacy of this Administration in international economic and financial policy.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

UNDER SECRETARY

September 10, 1999

ACTION

MEMORANDUM FOR SECRETARY SUMMERS

FROM: Timothy F. Geithner
Under Secretary for International Affairs

SUBJECT: Memo for the President on the New "G-20"

We have now reached agreement among G-7 Deputies on the main elements of the new informal mechanism for dialogue among systemically significant economies ("G-X") that G-7 Finance Ministers proposed and Leaders endorsed in June as part of the Cologne Summit process.

The attached German paper outlines the deal that has been reached, although some of the details are still under discussion. In particular, I have flagged for others that Indonesia's participation may need to be revisited closer to the point of announcement.

We have shared the German paper with the NEC, NSC and State to keep them informed. The attached memo from you to the President reports on these developments and the planned announcement of the new forum at the G-7 meeting later this month.

Recommendation

That you sign the attached memo.

_✓_ Agree _______ Disagree _______ Other

Attachments: Memo for Signature
German Background Paper

Cc: Assistant Secretary Truman

EXECUTIVE SECRETARIAT

EXECUTIVE SECRETARIAT CORRESPONDENCE MEMO COVER SHEET

Friday, September 10, 1999

PROFILE #: 1999-SE-009926

DATE CREATED: 09/10/1999

ADDRESSEE: Lawrence H. Summers
Secretary

AUTHOR: Geithner, Timothy
International Affairs

SUBJECT: Memo For The President On The New G-19

ABSTRACT: Memo for the President on the New G-19.

RM 3419 TO REVIEWERS TO EXECUTIVE SECRETARY

IN: IN:

TO THE SECRETARY

DATE SIGNED:

DISTRIBUTION: AS, INTERNATIONAL AFFAIRS

to LS (signature)
NCC
to SE (reading)
NCC
to TS
NCC cc CK
SS
9/10/99
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NCC/AK original to WH

NCC/AK original
to WH

NCC cc to SE
SS
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SF

Please file
(may already be
logged)

GLOBAL ENVIRONMENT

93-121067

DEPARTMENT OF THE TREASURY
WASHINGTON

May 3, 1993

MEMORANDUM FOR DEPUTY SECRETARY ALTMAN

FROM: Alicia Munnell AHM
Assistant Secretary-Designate, Economic Policy

SUBJECT: Climate Change Action Plan

I will attend the May 3rd meeting on Climate Change, but you should know that this group's assignment is solely to set up fora to receive views from industry, labor, Congress, environmental interests etc. It is designed, at least in part, to keep Transportation, Energy, EPA, Treasury, and others busy while the real work will be done by a separate (and secret) group, which excludes these agencies with "vested interests." This secret group apparently has been told to say nothing about its deliberations, because involving those agencies with vested interests "would unnecessarily politicize the process."

My view is that Treasury (despite our bad behavior) should not be lumped in with Transportation, Energy, and EPA, but rather should be represented on the secret group. The membership of this group is attached. I am a novice at this type of intrigue, but it may be useful for you to call your pal Bob Rubin to get our name added to the list.

If you do not want to do this, it is fine with me. But you should know that information is going to be very tightly controlled and we may well get blind-sided. Even my best source. Ray Squitieri, has had great difficulty getting even a copy of the meeting notification.

<u>Please let me know what you would like to do.</u>

cc: Philip Diehl

THE WHITE HOUSE

WASHINGTON

'93 APR 23 P5:18

April 23, 1993

MEMORANDUM

TO:	Rahm Emanuel	Howard Paster
	John Gibbons	Leon Panetta
	Alexis Herman	Carol Rasco
	Anthony Lake	Marla Romash
	Thomas McLarty	Robert Rubin
	Regina Montoya	George Stephanopolous
	Roy Neel	Laura Tyson
THROUGH:	John Podesta JDP	
FROM:	Katie McGinty KM	
SUBJECT:	Action Plan for Greenhouse Gas Commitment	

During the Earth Day speech, the President made a commitment to the preservation of the world climate system:

> Today, I reaffirm my personal, and announce our nation's commitment, to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000. I am instructing my administration to produce a cost-effective plan by August that can continue the trend of reduced emissions. This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology.

The President has issued a significant challenge, one which will demand ingenuity and creativity from us. I propose that we (or designates) meet on Wednesday, April 28, at 12:30 pm in my office (Room 360 OEOB) to discuss how we should respond to the challenge. Be prepared to discuss how we can manage input (to get good ideas) process (to make sure that everyone is on board) deliberation (so we will choose the best options) and results (so that the President delivers on his commitment).

In creating and eventually selling the Action Plan, we will need to design a manageable combination of public participation (industry, labor, Congress, environmental interests) and confidential deliberation. This will be an inherently political process which will attract a lot of press and interest group attention. You will need to understand where the process is going in order to monitor and help manage the substantive and political aspects.

At the meeting, I will distribute for discussion my initial ideas on how we can structure a process to produce the Action Plan by August. We need to move quickly, and I look forward to hearing your views and ideas.

Murai
Espy
Samuels

I assume that Alicia will take the lead on this. Philip

THE WHITE HOUSE

WASHINGTON

April 29, 1993

MEMORANDUM

TO: Secretary Babbitt
Secretary Bentsen
Secretary Brown
Administrator Browner
Secretary Christopher
Secretary Espy
Secretary O'Leary
Secretary Pena

FROM: Katie McGinty
Office on Environmental Policy

SUBJECT: Climate Change Action Plan Process

During the Earth Day speech, the President made a commitment to the preservation of the world climate system:

> Today, I reaffirm my personal, and announce our nation's commitment, to reducing our emissions of greenhouse gases to their 1990 levels by the year 2000. I am instructing my administration to produce a cost-effective plan by August that can continue the trend of reduced emissions. This must be a clarion call, not for more bureaucracy or regulation or unnecessary costs, but instead for American ingenuity and creativity, to produce the best and most energy-efficient technology.

The President has issued a significant challenge, one which will demand ingenuity and creativity from ~~the entire Administration.~~ I would like to convene a meeting with designates from your staff on Monday, May 3, at 10:15 in my office (Room 360 OEOB) to discuss how we should respond to the challenge. We will discuss how we can manage input (to get good ideas) process (to make sure that everyone is on board) deliberation (so we will choose the best options) and results (so that the President delivers on his commitment).

In creating and eventually selling the Action Plan, we will need to design a manageable combination of public participation (industry, labor, Congress, environmental interests) and confidential deliberation. Attached is a draft of the proposed process by which we can produce an Action Plan by August. Please review the draft so that we can discuss the proposal and quickly reach closure on the process. We need to move quickly, and I look forward to hearing your views and ideas.

Attachment

Development of the
Climate Change Action Plan

Structure and Functions
April 28, 1993

Critical Factors to Keep in Mind:

- The Presidential commitment requires us to succeed, and is crucial for success.
- The timing is very tight - we are facing a mid-August deadline.
- We need affected interests to have a stake in the process in order to both formulate and implement the plan.
- The Administration must maintain firm control over the process while not retarding the beneficial input and advice from affected interests. Non-constructive input or obstruction must be avoided.
- The integrity of the process requires that stakeholders not use other channels to influence Administration decisions.

I. STRUCTURE

Establish Climate Change Action Plan Committee

- Mission: Committee makes recommendations to Administration Senior Steering Group (composed of Principals from key agencies and White House) on meeting the President's commitment; Committee chaired by White House Office on Environmental Policy.
- Membership on the Committee: government, industry, labor, environmental organizations, universities. [QUESTION: ROLE OF CONGRESS?]
- Initially set Committee at 30 members -- but will probably have to take close to 50 to accomodate important stakeholders.
- Committee to meet at least three times in public forum.

Committee to have nine Working Groups

- Mission: Working groups to develop recommendations on actions to take within their subject areas.
- Each Working Group will have two co-chairs -- one governmental (Deputy or Assistant Secretary level) and one non-governmental (CEO/Sr. VP/Commissioner level) Co-Chairs

will undertake an enormous responsibility -- the government co-chair will be faced with full time involvement.

- o Working Groups composed of Committee members in their areas of expertise plus additional working group members **as necessary**.

- o Working Groups to meet as often as needed (weekly or semi-monthly).

- o Working Group Chairs to coordinate with each other through periodic meetings (public?) and through the full Committee meetings.

- o Suggested Working Groups:

  - * Analytical/Modeling
  - * Energy: Supply-side (includes efficiency improvements in generation, transmission and distribution, renewable resources, and other reduced-CO_2 generation options)
  - * Energy: Demand-side (includes residential, commercial, and industrial sectors)
  - * Energy: Transportation
  - * Methane
  - * Other Gases (HFCs, Nitrous Oxide)
  - * Sinks
  - * Cross-cutting regulatory/legal/institutional reforms
  - * Joint Implementation

II. TIME LINE

- o Week of April 26 -- Intra-White House concurrence Interagency consultation.

- o Week of May 3 -- Interagency concurrence. Adivisory Committee authorization; solicit recommendations for Committee membership

- o Week of May 10 -- Member selection/vetting, contracting for meeting arrangements. Set Committee Meeting Schedule.

- o Week of May 17 -- Invite/inform Committee members and working group members. Meet with Working Group Chairs.

- o Week of May 24 -- <u>First Meeting - Full Committee</u> President stops by to reaffirm commitment.

- o Week of May 31 -- Working Groups meet (as necessary).

- o Week of June 7 -- Working Groups meet (as necessary). Working Group Chairs Meeting to assess first round.
- o Week of June 14 -- Working Groups meet (as necessary).
- o Week of June 21 -- Working Groups meet (as necessary). Working Group Chairs Meeting to assess progress and draft progress report.
- o Week of June 28 -- <u>Second Meeting of Full Committee-- Progress Reports and Recommendations for Working Group Direction.</u>
- o Week of July 5 -- Working Groups meet (as necessary).
- o Week of July 12 -- Working Groups meet (as necessary). Working Group Chairs Meeting.
- o Week of July 19 -- Working Groups meet (as necessary).
- o Week of July 26 -- Working Groups meet (as necessary).
- o Week of August 2 -- Working Groups meet (as necessary). Working Group Chairs Meeting to draft final Working Group report and recommendations.
- o Week of August 9 -- <u>Final Meeting -- Recommendations made to Chair and Governmental Steering Group</u> President and/or VP there to receive recommendations. Final decisions.
- o Week of August 16 -- Draft and produce Action Plan
- o Week of August 23 -- Presentation of U.S. Action Plan to INC in New York.

93-124614

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

August 17, 1993

INFORMATION

MEMORANDUM FOR SECRETARY BENTSEN
DEPUTY SECRETARY ALTMAN

FROM: Alicia Munnell AHM

SUBJECT: Climate Change Action Plan Update

This memo will update you on the positive steps taken to date to formulate a Climate Change Action Plan, fulfilling the President's Earth Day speech commitment to return U.S. greenhouse gas emissions to 1990 levels by 2000.

Analysis of options and construction of the plan are nearly complete. The interagency group has agreed to postpone an announcement from the original date of August 16 until the end of September, in order to allow time for a thorough review of the entire plan, and for outreach to Congress, environmentalists, and business groups.

The interagency analysis and debate have been constructive and collegial to a degree I could not have imagined in April, when it began. I see this process as a success story--an example of how to build a constructive dialogue between agencies and interest groups with very different points of view.

Only a few issues remain to be decided. One that concerns Treasury would modify the treatment of employer-provided parking, which is now an untaxed fringe benefit as long as the amount is less than $155 per month. The proposal would reduce commuting traffic (and therefore carbon dioxide emissions) by allowing employees to claim the cash value of the subsidy instead of the parking space. This option is one of the largest in the package, providing 7 percent of all reductions in the Action Plan, i.e., 7 percent of the amount necessary to return year 2000 emissions to 1990 levels. At the same time, it would, we believe, increase revenues to pay for other parts of the Plan.

Tax Policy is reviewing this option and has expressed some concerns; we are working with them to ensure a thorough review.

cc: Les Samuels
Sam Sessions

DEPARTMENT OF THE TREASURY
WASHINGTON

93-125133

ASSISTANT SECRETARY

September 8, 1993

MEMORANDUM FOR SECRETARY BENTSEN

FROM: Alicia H. Munnell AHM

SUBJECT: Climate Change Action Plan

Attached is a memo that I would like to send to Katie McGinty, that summarizes the Treasury's position with regard to the inclusion of tax proposals in the Climate Change Action Plan.

Do you approve?

Agree LMB Disagree ________ Let's Discuss ________

Attachment

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

September 7, 1993

MEMORANDUM FOR KATIE MCGINTY

FROM: Alicia Munnell
Assistant Secretary for Economic Policy

SUBJECT: Climate Change Action Plan--Parking Cash-out Option

You, Marc Chupka, and the rest of your staff can take pride in the way the Climate Change work has progressed. The working groups have attained a level of cooperation I would not have thought possible last April; I have no doubt that we will all be proud of the Plan now emerging.

Several offices at Treasury have now reviewed the parking cash-out option approved by the CCMG. This proposal would require employers providing free parking to their employees to also offer the cash equivalent as an alternative.

Treasury's best judgement is that we should not submit this--or indeed any tax-related option--with the Action Plan. After the bruising budget battle just ended, Treasury's view is that the timing would be wrong for another tax option.

Treasury nonetheless stands ready to provide whatever analysis or review may be necessary as the CCMG completes work on the Action Plan.

93-125884

DEPARTMENT OF THE TREASURY
WASHINGTON

ASSISTANT SECRETARY

September 29, 1993

MEMORANDUM FOR SECRETARY BENTSEN

THRU: UNDER SECRETARY SUMMERS

FROM: JEFFREY R. SHAFER
ASSISTANT SECRETARY (INTERNATIONAL AFFAIRS)

SUBJECT: Funding for the Global Environment Facility

The FY93 foreign operations appropriations act (Tab A) provides a $30 million appropriation for the Global Environment Facility (GEF). This funding is contingent, however, upon a certification by you, **by September 30, 1993**, to the appropriation committees that the GEF implementing agencies have met certain conditions. The purpose of this memorandum is to inform you that not all of these conditions have been met. Therefore, Treasury will **not** be able to provide the $30 million to the GEF.

Background on the GEF

The GEF is implemented by the World Bank, the United Nations Development Program, and United Nations Environment Program. It provides financing for projects to counter global warming, biodiversity loss, ocean pollution, and ozone depletion.

Conditions for Certification

The requirements for the certification were that all the GEF implementing agencies had established procedures concerning information availability, participation of local peoples affected by projects, and will establish procedures concerning donor country oversight and nongovernmental organization (NGO) participation in the project cycle.

In early September, after numerous letters and meetings, the World Bank informed us that they were still in the process of developing procedures for participation of affected peoples. The Bank indicated that publication of such procedures before the end of September was not feasible. Although the World Bank has met the information availability condition and the two UN implementing agencies have met all the statutory conditions, other USG agencies and the NGOs have agreed with Treasury staff that no certification should be sent. We are not aware of any group or member of Congress who will disagree with this determination.

Agree
L 9.29.93

The FY93 legislation provides that, if such certification is not furnished by September 30, the funds will be transferred to AID for projects in furtherance of the GEF and the Global Warming Initiative. AID may use some of these funds for a Mexican "green fund" to conserve biodiversity in the context of NAFTA. AID has, however, made a commitment to provide the $20 million for this purpose, and so the contribution to the green fund does not depend on this certification decision.

ATTACHMENTS

Tab A GEF Statute
Tab B WB President Preston's Letter (key passages are marked)

-17A MORRIS

*Public Law 102-391
102d Congress

An Act

Making appropriations for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1993, and for other purposes.

Oct. 6, 1992
[H.R. 5368]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated, out of any money in the Treasury not otherwise appropriated, for foreign operations, export financing, and related programs for the fiscal year ending September 30, 1993, and for other purposes, namely:

Foreign Operations, Export Financing, and Related Programs Appropriations Act, 1993.

TITLE I—MULTILATERAL ECONOMIC ASSISTANCE

FUNDS APPROPRIATED TO THE PRESIDENT

INTERNATIONAL FINANCIAL INSTITUTIONS

CONTRIBUTION TO THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury, for the United States share of the paid-in share portion of the increases in capital stock for the General Capital Increase, $62,180,100, to remain available until expended.

Reports.
Public information.

For payment to the International Bank for Reconstruction and Development by the Secretary of the Treasury, for the United States contribution to the Global Environment Facility (GEF), $30,000,000, to remain available until expended: *Provided,* That such funds shall be made available to the Facility by the Secretary of the Treasury if the Secretary determines (and so reports to the Committees on Appropriations) that the Facility has: (1) established clear procedures ensuring public availability of documentary information on all Facility projects and associated projects of the Facility implementing agencies; (2) established clear procedures ensuring that affected peoples in recipient countries are consulted on all aspects of identification, preparation, and implementation of Facility projects; and (3) the Facility governance process will provide for contributor country oversight of individual projects in the work program, and specific provisions will be established for the participation of nongovernmental organizations in all phases of the project cycle, including identification, appraisal, implementation, and evaluation: *Provided further,* That in the event the Secretary of the Treasury has not made such determinations by September 30, 1993, funds appropriated under this heading for the GEF shall be transferred to the Agency for International Development and used for activities associated with the GEF and the Global Warming Initiative.

The Secretary of the Treasury is authorized to contribute on behalf of the United States $50,000,000 to the Global Environment

*Note: The printed text of Public Law 102-391 is a reprint of the hand enrollment, signed by the President on October 6, 1992.

69-139 O - 92 (391)

THE WORLD BANK
Washington, D.C. 20433
U.S.A.

LEWIS T. PRESTON
President

September 14, 1993

Mr. Jeffrey Shafer
Assistant Secretary
International Affairs
Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Mr. Shafer:

Thank you for your letter dated September 8th.

I am pleased you agree that the newly adopted World Bank information disclosure policy will cover the Bank's GEF-associated projects. The guidelines for GEF-funded and free-standing GEF projects are being finalized and will be issued before the end of this month. We believe they will ensure that the GEF meets its designated mandate for transparency and public participation.

On the question of consultation with affected peoples and NGOs, we recognize that the operational directives cited in my previous letter may not necessarily apply to every GEF project. This is precisely why we are developing guidelines specifically for GEF projects. For example, all biodiversity projects, which account for over 40 percent of the Pilot Phase portfolio, will now be subject to thorough guidelines for the design of participation plans using socio-cultural profiles. I attach these for your further reference and have highlighted those sections that are particularly relevant in this context.

For climate change projects, since most of these are in the energy sector, they will likely be classified as Category A projects and will be subject to the requirements of O.D. 4.01 on impact assessment and public consultation.

While current Bank guidelines do not oblige governments to consult with local peoples on the identification of possible GEF projects, we believe strongly that -- in the spirit of Agenda 21 and the Rio Declaration -- they should develop sustainable development strategies and priorities on the basis of widespread public participation. To support such efforts the newly established division on Social Policy and Resettlement in the Bank's Environment Department is preparing social assessment guidelines and a Participation Handbook to ensure that both consultation and participation are woven into the Bank's project cycle. I can assure you that we are committed to the goal of promoting consultation and participation in our work. I have repeatedly emphasized this objective both internally to our staff as well as externally.

Our approach on this matter is further reflected in the proposals presented in the context of the restructuring of the GEF. In a paper presented to Participants in May – and to be discussed again next week by a tripartite working group made up of governments, NGOs, and the implementing agencies – it is suggested that a more systematic approach to NGO involvement and consultation could be one of the guiding principles of the GEF in its next phase. Specifically the paper proposes that "efforts should be made to expand NGO-Government discussions at national and local levels to apprise NGOs of opportunities for GEF project development ...." Clearly, the GEF's role in these discussions should be largely facilitative, helping ensure that mechanisms are in place at the local and national level to encourage discussion on project matters. We see local input and participation by affected people as crucial, but the kind of open public fora you suggest in the annex to your letter may be better suited to establishing local and national priorities than the identification of projects with global benefits.

Incidentally, the recent desk study on consultation and participation in GEF projects cited in your letter – to the effect that there were no standard procedures to monitor NGO participation in GEF projects – covers the first 18 months of the GEF's existence. Based on the lessons learned during the early part of the Pilot Phase, new guidelines have been and continue to be formulated. These include the guidelines for the design of participation plans referred to above that will now be tested in the field, as well as those for the monitoring and evaluation of GEF biodiversity projects.

More broadly, we are pleased with our record of bringing NGOs into the process of identifying, preparing, and implementing GEF projects. Their contribution will also be sought in project monitoring as the GEF project portfolio matures. In addition to this project-specific role, NGOs have been included to an unprecedented extent in consultations related to the GEF's overall policy and the operational practices of its implementing agencies.

The Pilot Phase of the GEF was intended to be a learning experience. It was recognized when the Facility was set up that no-one had any large-scale operational experience of how to achieve the GEF's global environmental objectives. The evaluation exercise now underway will be extremely useful in enabling us to assess the GEF's performance to date -- and to make the necessary adjustments for the restructured Facility that is now being negotiated. But what is already evident is that the lessons learned over the past couple of years owe a great deal to experience gained through concrete actions on the ground.

I trust that the additional information on Bank procedures will contribute positively to satisfying your requirements for the release of the US$30 million GEF appropriation.

Sincerely,

Lewis T. Preston
President

Enclosure

cc: Mr. Mark Collins (EDS01)

TREASURY CLEARANCE SHEET

NO. 125884
Date

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER Inf.

FROM: Jeffrey R. Shafer
THROUGH: Under Secretary Summers
SUBJECT: Funding for the Global Environment Facility

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
☐ Domestic Finance
☐ Economic Policy
☐ Fiscal
☐ FMS
☐ Public Debt

☐ Under Secretary for International Affairs
☐ International Affairs

☐ Enforcement
☐ ATF
☐ Customs
☐ FLETC
☐ Secret Service
☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
☐ Scheduling
☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
☐ E & P
☐ Mint
☐ Savings Bonds

☐ Other

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
DJOY	CDJ	9/28	GI	622-1945
REVIEWERS				
MKAPLAN	MAK	9/28	IDB	622-0443
MRENTSCHLER	MSR	9/28	IDB	622-1242
MHENNESEY	[illegible]	9/28	IDB	622-1231
SLEVINE	[illegible]	9/28	ID	622-0153
RMUNK	CDJ for EM	9/23	GI	622-1899
JHANSEN	[illegible] for	9/29	G	622-0287

SPECIAL INSTRUCTIONS

☐ Review Officer Date ☐ Executive Secretary Date

DO F 80-02.1 (04/89)

TREASURY CLEARANCE SHEET

NO. ____________
Date ____________

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER ____________

FROM: Jeffrey R. Shafer
THROUGH: Under Secretary Summers
SUBJECT: Funding for the Global Environment Facility

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JHANSEN			G	622-0287

SPECIAL INSTRUCTIONS

☐ Review Officer ____________ Date ____________ ☐ Executive Secretary ____________ Date ____________

DO F 80-02.1 (04/89)

TREASURY CLEARANCE SHEET

NO. 93-125884

Date ______

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER ______

FROM: Jeffrey R. Shafer

THROUGH: Under Secretary Summers

SUBJECT: Funding for the Global Environment Facility

REVIEW OFFICES (Check when office clears)

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☐ Economic Policy
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☐ FMS
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☐ Other ______

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SLEVINE	[illegible]	9/28	ID	622-0153
RMUNK	DDJ f. RM	9/28	GI	622-1899
JHANSEN			G	622-0287

SPECIAL INSTRUCTIONS

☐ Review Officer ______ Date ______ ☐ Executive Secretary ______ Date ______

DO F 80-02.1 (04/89)

93-127850

DEPARTMENT OF THE TREASURY
WASHINGTON

UNDER SECRETARY

November 23, 1993

ACTION

LMB

MEMORANDUM FOR SECRETARY BENTSEN

FROM: Larry Summers LS
Under Secretary
International Affairs

SUBJECT: U.S. Pledge to the Global Environment Facility

Establishing a permanent Global Environment Facility (GEF) in the World Bank is an essential part of our international environment agenda as defined by the White House and supported by Vice President Gore. Treasury is the lead agency and international negotiations on the GEF resume in Cartagena on December 6. At that time other governments intend to indicate the size of their contributions. They maintain that if the United States does not join in pledging, these very difficult negotiations may unravel.

The Vice President and others want a minimum U.S. contribution of $100 million per year -- up substantially from the $30 million appropriated for the "pilot phase" of the GEF. The White House has not been able to locate the source of a U.S. contribution. Therefore, OMB is throwing the ball to Treasury, effectively telling us that if we believe the GEF to be an essential item, we can pay from existing multilateral development bank accounts.

RECOMMENDATION

I believe that I should advise the Vice President's office of the state of play and tell OMB what we have stressed since January -- that it is impossible for Treasury to fund the GEF out of existing international programs. Despite the consequent erosion of U.S. negotiating leverage, it appears that we may have to delay a pledge of U.S. financial support until funds are found from other sources. Support for the GEF among developing countries is conditioned on GEF resources being "new and additional" to existing development assistance flows; the international uproar and the cost to our international objectives would be even greater if we were to put money into the GEF at the cost of falling still farther short of meeting our existing commitments to the multilateral development banks, especially the World Bank's soft loan window (IDA). I will reiterate our desire to address this and other Foreign Assistance Account issues on an urgent basis through consultation at senior levels.

_______ Agree _______ Disagree LMB Let's Discuss

Gore called me before I had an opportunity to read this.

BACKGROUND

The GEF will help improve the global environment by funding projects in developing countries that provide global environmental benefits in the areas of global warming,

Edward S. Knight

biodiversity, ozone depletion, and international waters. An example would be GEF financing for updated technology at a developing country power plant to reduce emissions of carbon dioxide, an important greenhouse gas.

Treasury is the lead agency on the GEF but U.S. positions were formally coordinated through the White House in consultation with State, EPA, the U.S. Agency for International Development, the Congress and environmental organizations. At a recent meeting I attended on the Administration's environmental agenda, the Vice President underscored the importance of the GEF and asked Leon Panetta to work on an interagency basis to find money to fund it. Funding for the GEF is central to the fulfillment of our financial obligations under the Climate Change and Biodiversity Conventions.

Congress has been willing to appropriate $30 million annually for the pilot phase of the GEF in FY 1993 and FY 1994, although we could not contribute the FY 1993 appropriation because of Congressional "conditions" that the GEF did not meet, and the U.S. Agency for International Development has contributed $51 million in cofinancing to date. Other governments have provided a total of about $800 million to the GEF's pilot phase.

An annual contribution of $100 million would position the U.S. to provide about 20 percent of funding for the GEF, nearly the same as our share of IDA. The balance of GEF money would come from other OECD countries, with Japan matching our contribution.

ADDITIONAL BACKGROUND

In leading the GEF negotiations, Treasury has received high marks throughout the Administration, on the Hill and from environmental groups. In the negotiations, we have pressed hard for a few critical objectives which we will continue to pursue in Cartagena. Continued Congressional support for the GEF depends on our success in achieving these goals.

A bottom-line U.S. policy objective is that the governing body of the GEF be given the authority to approve individual GEF projects; currently, this authority rests solely with the three GEF Implementing Agencies (the World Bank, the United Nations Development Program, and the United Nations Environment Program). Other key policy objectives are for the governing body to be supported by a strong secretariat that functions independently of the Implementing Agencies and, as directed by legislation, for the GEF to establish clear procedures ensuring informed public participation in GEF activities.

We will also pursue procedures to ensure that GEF funds are used to finance only the most cost-effective, sustainable projects based on firm scientific and technical knowledge; and that GEF funds are used to leverage the resources of the development banks, bilateral aid and private capital.

TREASURY CLEARANCE SHEET

NO. 93-127850
Date

MEMORANDUM FOR: ☒ SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING ☐ INFORMATION ☐ LEGISLATION
☐ PRESS RELEASE ☐ PUBLICATION ☐ REGULATION ☐ SPEECH
☐ TESTIMONY ☐ OTHER

FROM: Under Secretary Summers
THROUGH:
SUBJECT: U.S. Pledge to the Global Environmental Facility

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
- ☐ Domestic Finance
- ☐ Economic Policy
- ☐ Fiscal
  - ☐ FMS
  - ☐ Public Debt

☐ Under Secretary for International Affairs
- ☐ International Affairs

☐ Enforcement
- ☐ ATF
- ☐ Customs
- ☐ FLETC
- ☐ Secret Service

☐ General Counsel
☐ Inspector General
☐ IRS
☐ Legislative Affairs
☐ Management
☐ OCC

☐ Policy Management
- ☐ Scheduling

☐ Public Affairs/Liaison
☐ Tax Policy
☐ Treasurer
- ☐ E & P
- ☐ Mint
- ☐ Savings Bonds

☐ Other

NAME (Please Type)	INITIAL	DATE	OFFICE	TEL. NO.
INITIATOR(S)				
Mark Rentschler		11/22/93	DO:IDB	622-1242
REVIEWERS				
Jeff Shafer	JRS		DO:I	622-0060

SPECIAL INSTRUCTIONS

☐ Review Officer Date ☐ Executive Secretary Date

DO F 80-02.1 (04/89)

Roger D. Mann Edward S. Knight

1996-SE-002936

THE DEPUTY SECRETARY OF THE TR
WASHINGTON

NCC ok to autopen "RER" per LS 4/24/96

April 24, 1996

MEMORANDUM FOR THE PRESIDENT

THROUGH: Robert E. Rubin R. E. R.
Secretary of the Treasury

FROM: Lawrence H. Summers LS
Deputy Secretary of the Treasury

SUBJECT: Concerted Actions to Conserve Biological Diversity

In Tokyo, you raised the issue of making financial resources available for the protection of especially rich areas of biological diversity.

I thought you might be interested to know that the Treasury Department currently supports efforts to conserve important biodiversity resources through several international fora, including:

- **The Global Environment Facility** -- The GEF serves as the interim financial mechanism for the international Convention on Biological Diversity. Since its creation in 1990, the GEF has approved 70 biodiversity projects in developing countries worth $420 million. Examples include the $10 million Brazilian Biodiversity Fund Project and the $13.5 million Indonesia Kerinci Seblat Integrated Conservation and Development Project, which protect critical areas by integrating social and economic activity into conservation plans.

  The GEF's ability to continue to support biodiversity protection is becoming impaired by low Congressional appropriations. Last year, the GEF received only $35 million from Congress -- a cut of over 2/3 from the Administration's $110 million request, one of the highest proportional reductions of all the international affairs accounts. We are requesting $100 million for the GEF in FY 1997.

- **The Multilateral Development Banks** -- The World Bank and the regional development banks are focusing increasing attention on biodiversity conservation. The World Bank is creating a $30 million "Critical Ecosystems Partnership Fund" to protect the 20 highest-priority ecosystems that contain over half the world's most threatened biodiversity.

- **Latin America Debt Restructuring** -- The Enterprise for the Americas debt-reduction program channels $180 million in local currency to support locally administered projects in seven Latin American and Caribbean countries, many of which support conservation of biodiversity. There have been no EAI appropriations since FY 1993. Treasury is currently initiating a pilot debt buyback/swap program that will continue to support environmental programs at zero U.S. budget cost.

1996-SE-011157

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

November 21, 1996

ASSISTANT SECRETARY

MEMORANDUM FOR THE SECRETARY

From: Joshua Gotbaum

Re: Climate Change Negotiation Preparations — Update

Next month, the U.S. will embark on a new round of negotiations intending to develop and sign a set of binding targets for control of greenhouse gases by December 1997. If and when it is ever reached, any such agreement could become the largest and most costly program of environmental controls ever. (Estimates of the cost of stabilizing U.S. greenhouse emissions at 1990 levels, the non-binding commitment already assumed, are in the range of one to four percent of GDP. For comparison, the US now spends about two percent of GDP on all environmental programs combined.)

The Department of State had been convening meetings on this issue at the assistant secretary level. The NEC has begun a series of meetings on the issue at the "deputies" level, co-chaired by Dan Tarullo and Katie McGinty. Larry has been attending some, while I have been representing us on others.

This note is intended as a summary of likely issues. It is too early to know with any certainty how difficult each will be:

The current U.S. position already includes measures that reflect economic considerations:

It calls for *commitments by the less developed countries*, without which no climate control regime can hope to be effective. (Based on current trends, developing-country emissions will *exceed* developed-country emissions by the year 2020.)

It also calls for *flexibility in achieving climate targets*, including *emissions trading* as a way of lowering the cost of climate programs. (Some countries had proposed common control measures, e.g., appliance standards. The U.S. has opposed these.)

These will generate considerable controversy in the negotiations. Nonetheless, plenty of other issues remain:

Type of Target

The original proposal was for each nation to return to its own 1990 emissions levels by the year 2000. This target will not be met. The next round of negotiations to set a target for the "medium term" (2010 to 2020) might include

- A *particular emissions target to be achieved by a particular year.*
- A maximum amount of *emissions over a period of years* (allowing flexibility), or
- An overall target for the *concentration* of greenhouse gases by a particular year (e.g., 2050), with decennial negotiations over intermediate emissions targets and over which nations would be included.

Costs & Benefits of Particular Target Levels

Most of the work to date has focused on documenting the suspicion that human activities have an effect on climate. To date there has been surprisingly little evaluation of the economic costs or benefits of reducing those effects. At Tim Wirth's request, Ev Ehrlich, Under Secretary of Commerce for Economic Affairs, has begun an interagency effort to model and quantify the costs of particular control regimes. It is unclear whether the result of this effort will be to assess the alternative targets, or only of alternative control strategies (e.g., carbon taxes, emissions permits, etc.) to meet them.

Allowing Future Changes in Approach

Some countries have been urging the developed ("Annex 1") nations to commit to an "early action plan." State and CEQ may have some sympathy for this approach. They argue that the US needs to lead the worldwide efforts or run the risk of responding to the less-responsible proposals of others. However, it was a similar fear of international opprobrium that led the US in Rio to commit to the reduction to 1990 levels by the year 2000 – a commitment we almost certainly cannot meet, and one that would be enormously costly if we did.

TREASURY CLEARANCE SHEET

NO.
DATE: 11/21/96

MEMORANDUM FOR: X SECRETARY ☐ DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION ☐ BRIEFING X INFORMATION ☐ LEGISLATION ☐ PRESS RELEASE
☐ PUBLICATION ☐ REGULATION ☐ SPEECH ☐ TESTIMONY ☐ OTHER ______

FROM: Joshua Gotbaum
THROUGH:
SUBJECT: Climate Change Negotiation Preparations -- Update

REVIEW OFFICES (Check when office clears)

☐ Under Secretary for Finance
- ☐ Domestic Finance
- ☐ Economic Policy
- ☐ Fiscal
  - ☐ FMS
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☐ Under Secretary for International Affairs
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☐ Public Affairs/Liaison
- ☐ Tax Policy
- ☐ Treasurer
  - ☐ E & P
  - ☐ Mint
  - ☐ Savings Bonds

☐ Other ______

Name (Please Type)	Initial	Date	Office	Tel. No.
INITIATOR(S)				
Ray Squitieri		11-21-96	Office of Economic Analysis	2-1301
Robert Gillingham		11-21-96	DAS for Economic Policy	2-2220
REVIEWERS				

SPECIAL INSTRUCTIONS:

☐ Review Officer　　Date　　☐ Executive Secretary　　Date

1997-SE-007295

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

July 8, 1997

MEMORANDUM FOR: **DEPUTY SECRETARY SUMMERS**
SECRETARY RUBIN

FROM: **JONATHAN GRUBER**
Deputy Assistant Secretary (Economic Policy)

SUBJECT: **Climate Change Process**

There was an Assistant Secretaries meeting today to discuss the process going forward on climate change. Highlights of the meeting:

- This is a high profile issue, and is likely to be one of several issues of most importance to the President and the NEC over the next few months.

- There will be hearings over the next several weeks on climate change in both the House and Senate. In every case Tim Wirth is a witness, and they are still looking for an economist to accompany him. **This may be something in which the Deputy Secretary is interested**. The schedule of hearings is attached.

- There will be a White House conference on this matter in October, and the goal is to develop a consensus position before then. The process for doing so will be weekly or bi-weekly meetings at the cabinet level to discuss issues such as:

  - domestic emissions trading programs (this Friday)
  - transition assistance
  - technological issues
  - international implications
  - developing country considerations
  - tax and regulatory approaches

- There is still some uncertainty as to the split of the work between this cabinet level group, and the Assistant Secretary level group that met today. There will be another meeting on Thursday to discuss process in more detail.

- There is also an open question of to what extent this effort should be integrated with other interagency processes that have clean air implications, for example electricity deregulation.

- There will be a large external role for the Principals, similar to what occured with NAFTA (an extended roll-out). Mike Froman will be hearing from the White House soon on our contribution to this effort.

- Senator Byrd has introduced a resolution that would call for developing countries to develop quantifiable limits on emmissions within the same time frame as developed countries. The State Department claims that this is impossible. This resolution already has 63 cosponsors. It is a non-binding resolution, but the administration is still working with him to try to tone down the message of his resolution.

- There will be two Presidential events, in late July and early August, to bring attention to this issue. One will involve a conference of Nobel Prize winners, and the other a national park or seashore visit.

TREASURY CLEARANCE SHEET

NO.
DATE: 7-9-97

MEMORANDUM FOR: X SECRETARY X DEPUTY SECRETARY ☐ EXECUTIVE SECRETARY
☐ ACTION BRIEFING X INFORMATION ☐ LEGISLATION ☐ PRESS RELEASE
☐ PUBLICATION ☐ REGULATION ☐ SPEECH ☐ TESTIMONY ☐ OTHER ____________

FROM: Jonathan Gruber
THROUGH:
SUBJECT: Climate Change Process

REVIEW OFFICES (Check when office clears)

- ☐ Under Secretary for Finance
  - ☐ Domestic Finance
  - ☐ Economic Policy
  - ☐ Fiscal
    - ☐ FMS
    - ☐ Public Debt
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- ☐ Treasurer
  - ☐ E & P
  - ☐ Mint
  - ☐ Savings Bonds
- ☐ Other ____________

Name (Please Type)	Initial	Date	Office	Tel. No.
INITIATOR(S)				
REVIEWERS				

SPECIAL INSTRUCTIONS:

☐ Review Officer Date ☐ Executive Secretary Date

1997-SE-009259

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

BRIEFING

August 12, 1997

MEMORANDUM FOR SECRETARY RUBIN

FROM: Robert Gillingham
Deputy Assistant Secretary (Economic Policy)

Jonathan Gruber
Deputy Assistant Secretary (Economic Policy

David Wilcox
Consultant (Economic Policy)

SUBJECT: **Briefing for Your Meeting with the President on Climate Change**

DATE AND TIME: TBD

LOCATION: The White House

PARTICIPANTS:

Treasury: Secretary Rubin

White House: President Clinton

BRIEFING: Tab A Background
Tab B Talking Points

cc: Deputy Secretary Summers

Overview of Issues Related to Climate Change

At the summit in Kyoto this December, the United States might commit itself to legally binding constraints on its emissions of so-called greenhouse gases. There are many greenhouse gases, but about 90 percent of the global-warming problem is thought to be caused by emissions of carbon dioxide. Carbon dioxide is produced whenever we drive a car, run a natural-gas- or coal-fired electricity generating plant, smelt iron ore into steel, create fertilizer for farmers, or run a manufacturing plant. Emission of carbon dioxide is an integral aspect of economic activity throughout the world, and especially in the United States.

- Any substantial reduction of our carbon emissions relative to baseline will impose substantial costs on the US economy. The most widely discussed proposal would require returning to 1990 levels of emissions by 2010. If emissions permits can be traded between countries, this requirement might impose the equivalent of a $50 tax on each ton of carbon emission; this would raise the price of residential electricity by 10 percent, industrial electricity by 20 percent, crude oil by more than 30 percent, and gasoline by 10 percent. If international trading of permits is not allowed, as may be the case, these costs could be twice as large.

- There is no realistic prospect that development of new technology can make the implementation of a carbon-control program cheap. Available projections of cost do not ignore the possibility of technological progress; on the contrary, they assume that break-through will continue to occur in the future, just as they have in the past. By raising the price of energy, tradeable permits increase the incentive to develop energy-saving techniques; if there is no increment in the price of energy, there may be no increment in the pace of technological change.

    - Advocates of technological solutions to the carbon-control problem base their argument on studies which substantially overstate the returns to investment in energy conservation (e.g., installation of attic insulation), and assert that there are currently wonderful technological opportunities being foregone by irrational consumers and firms. But recent analysis suggests that homeowners and businesses are making rational decisions with respect to energy saving technologies, and that forcing more widespread adoption of energy-saving technology would impose large costs of its own.

- A serious program of carbon emissions reduction will be attacked as harming the international competitiveness of US industry. If the Kyoto negotiations remain on their current track, developing countries will have no binding obligations to reduce emissions. In effect, manufacturers will be taxed on their operations if they locate in the United States (or any of the other developed countries covered by the treaty) but not if they locate in a developing country. This will create an incentive for relocation out of the developed world. Past research suggests that this is not an important problem in practice, but it certainly remains a compelling criticism in theory.

- There is at present an enormous gulf between the action that our international partners (particularly the Europeans) are demanding, in terms of requirements on developed and developing countries, and the much more modest steps that could be sold domestically.

- On the one hand, the Europeans see an aggressive course of action by the developed world as appropriate because developed countries have been responsible for 75 percent of the increase in the concentration of carbon in the atmosphere since the beginning of the industrial revolution.

  - Not coincidentally, the Germans could meet the 1990-by-2010 target relatively easily due to the steep decline in economic activity in former East Germany.

  - England could meet the same objective with relatively little dislocation because they recently terminated the substantial subsidies they had been giving to coal.

- On the other hand, the Senate recently passed a resolution sponsored by Senator Byrd declaring that the Senate would not ratify any treaty that did not require developing country adherence to binding emissions targets on the same schedule as any commitments entered into by the United States. These two diametrically opposed views raise the real prospect that any treaty acceptable to our negotiating partners may be unacceptable to the Senate, and *vice versa*.

- The major dilemma is a disconnect between the timetable for agreeing to international commitments—extremely compressed—and the amount of time needed to gain even a rudimentary understanding of how alternative commitments would effect the economy. We will be asked to sign up for an agreement in Kyoto without being able to weigh its long-term environmental benefits against either its short- or long-term effects on the economy.

BACKGROUND
MEETING WITH THE PRESIDENT REGARDING CLIMATE CHANGE

Background

As background for your meeting with the President, we have prepared the attached summary of major issues related to climate change. We hope this will illustrate the extreme difficulties, both scientific, economic, and political, involved in reaching a satisfactory agreement in Kyoto.

9/29/97

TO: Secretary Rubin

FROM: Jon Gruber

RE: Climate Change Memo for the President

This is a PRELIMINARY draft of the memo that Larry would like to send to the President on climate change. It has not yet been reviewed by Larry, but he wanted you to see it as soon as possible.

2

I. The Economic Implications of Slowing Emissions Growth

Some Basic Economics of Emissions Reductions

Acheiving dramatic reductions in emissions growth is a formidable task. A useful analogy is to the OPEC oil shocks of the 1970s. Despite a rise of more than 50% of real energy costs, and a major effort to increase energy efficiency (including the declaration of a war on energy use), energy consumption was only held constant during the years between 1973 and 1985. Thus, stabilizing energy consumption, and therefore emissions, over any decade would require at least a 50% rise in real energy costs. But any short term goal that is focused on a 1990 target would require a substantial *reduction* in energy consumption: for example, acheiving 1990 levels by 2010 would require that we reduce our energy consumption by at least 7% from today's levels. This suggests that *reducing emissions to 1990 levels will require a larger sacrifice than we saw during the 1970s.* In particular:

- The reduction in energy consumption necessary to achieve 1990 levels by 2010 would require a price rise of at least 50%.

- Energy consumption comprises 6.6 percent of GDP

- Therefore, *living standards in the U.S. would have to fall by 3.3% to achieve these emissions reductions.* This represents over $1300 per American family.

This reduction in living standards would represent a significant hit on American consumers. As a point of reference, this would be about *six times bigger than the BTU tax increase that was defeated in 1993.*

It is also important to note that the costs to the economy of adopting a 1990 target are not readily mitigated by moving out the timetable date. For example, moving from a 1990 levels by 2010 position to 1990 levels by 2020 would only lower the costs per family by about ... percent.

The Role of Technology

This insight naturally raises the question of whether there are alternative, less price-based, mechanisms for achieving ambitious emissions goals. Toward this end, some have argued that more rapid development and adoption of technological innovations can substantially—even fully—offset the costs of reducing our reliance on fossil fuels. A package of technology policies should be a component of any U.S. climate strategy. We must not, however, lull ourselves into believing that such policies can take us a long way toward meeting our goals by themselves. Indeed, the historical experience of the U.S. indicates that the most effective policy for bringing forth new technological innovations is substantial increases in the relative price of energy.

It is easy to enumerate many changes in consumer habits that would reduce energy use, as five of the Department of Energy's labs did recently in a recent report. But *this*

****
*** ACTIVITY REPORT ***
****

TRANSMISSION OK

TX/RX NO.	1014
CONNECTION TEL	98228644
CONNECTION ID	SEC OF TREASURY
START TIME	09/28 21:11
USAGE TIME	03'58
PAGES	9
RESULT	OK

1231

Watch faxed to RER
Watch cc to MF
NCC to LS (ACTION)
NCC cc to SS
9/29/97

Please Log In

Comstock
FYI

Unclassified
CLASSIFICATION

DATE: 9-28-97

DEPARTMENT OF THE TREASURY
WATCH OFFICE
FAX COVERSHEET

—If received INCOMPLETE call (202)622-1825

TO: Secretary Rubin

Fax Number: ———

Office Phone #: ———

FROM: Jonathan Gruber / thru Neal Comstock

Fax Number: (202)622-1829 (UNSECURE) (202)622-1851 (SECURE)

Office Phone #:

HANDLE AS: ROUTINE____ PRIORITY ✓ URGENT____

PAGE 1 OF 9 PAGES

COMMENTS:

Unclassified
CLASSIFICATION

WO USE ONLY
1231
MESSAGE NUMBER

97-10466

TO: Secretary Rubin

FROM: Jon Gruber

RE: Climate Change Memo for the President

This is a PRELIMINARY draft of the memo that Larry would like to send to the President on climate change. It has not yet been reviewed by Larry, but he wanted you to see it as soon as possible.

WATCH faxed to ~~AER~~

NCC to LS

NCC cc to SS

WATCH cc to MF

(Memo never sent)

9/28/97

Please Log In (may already be logged)

2