PREM 19/1742

PART 4

MT

SECRET.

C

Confidential filing

Royal Commission Reports on Environmental Pollution

Effects of Acid Rain

Agriculture and Conservation.

ENVIRONMENTAL AFFAIRS

Pt 1: SEPTEMBER 1979

Pt 4: JUNE 1985

Referred to	Date	Referred to	Date	Referred to	Date	Referred to	Date
~~25.6.85~~		~~4.12.85~~					
~~1.7.85~~		~~5.12.85~~					
~~2.7.85~~		~~9.12.85~~					
~~5.7.85~~		~~11.12.85~~					
~~9.7.85~~		~~17.12.85~~					
~~11.7.85~~		~~20/12/85~~					
~~12.7.85~~		~~30/12/85~~					
~~15.7.85~~		~~3.1.86~~					
~~16.7.85~~		~~16.7.86~~					
~~22/7/85~~		~~18.7.86~~					
~~12.8.85~~		~~23.7.86~~					
~~24.9.85~~		~~24.7.86~~					
~~30.9.85~~		~~25.7.86~~					
~~2.10.85~~		~~28.7.86~~					
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~~8.10.85~~		31.7.86					
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~~26/11/85~~							
~~28/11/85~~							
~~3.12.85~~							

PREM 19/1742

PART 4 ends:-

PMG to SS/GNV 31/7

PART 5 begins:-

M. STARK to MGA (A086/2252) 1/8

TO BE RETAINED AS TOP ENCLOSURE

Cabinet / Cabinet Committee Documents

Reference	Date
CC(85) 21st meeting, item 3	20/06/1985
E(A) (85) 34	24/06/1985
~~E(A) (85) 34~~ – Duplicate	~~24/06/1985~~
CC(85) 22nd meeting, item 5	27/06/1985
CC(85) 24th meeting, item 2	11/07/1985
CC(85) 35th meeting, item 3	05/12/1985

The documents listed above, which were enclosed on this file, have been removed and destroyed. Such documents are the responsibility of the Cabinet Office. When released they are available in the appropriate **CAB** (CABINET OFFICE) CLASSES

Signed _____ Date 22/09/2014

PREM Records Team

DC/R04

CONFIDENTIAL

CC/BG

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 5949
Switchboard 01-213 3000

Prime Minister (2)
To see.
MCA 1/8

The Rt Hon Nicholas Ridley Esq MP
House of Commons
LONDON SW1A OAA

31 July 1986

Can we find a better name?

Dear Nick,

UNIFIED POLLUTION INSPECTORATE

Your letter of ~~29 July~~ at flap proposes that the Unified Pollution Inspectorate (UPI) should be set up on 1 April 1987 and that should be the date from which the transfer of the Industrial Air Pollution Inspectorate (IAPI) to DoE takes effect. I agree that this is sensible and takes account of the need for officials to discuss the manner in which this transfer take place.

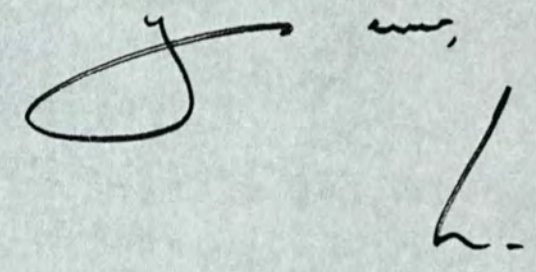
An announcement on Thursday 7 August will enable me to inform the Health and Safety Commission who are meeting on 5 August of the decision and I have accordingly written to their Chairman Dr Cullen.

Our Officials have discussed the terms of announcement. I attach a revised version which, subject to agreement could be put to the Prime Minister as she has requested.

The Prime Minister also asked for proposals as to the publication of the Efficiency Scrutiny. As this has already been seen by the CBI and TUC Commissions on the HSC and by the Trade Unions concerned it would seem sensible to make it available to MPs and Lords by laying it in the Library and for you or the Cabinet Office to make it available to those few others who may wish to see it.

CONFIDENTIAL

I am copying this to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry, Energy, Scotland and Wales, the Minister of Agriculture, Sir Robert Armstrong and Sir Robin Ibbs.



KENNETH CLARKE

B

DRAFT ANNOUNCEMENT

GOVERNMENT TO CREATE A UNIFIED POLLUTION INSPECTORATE

Nicholas Ridley, the Secretary of State for the Environment, today announced the Government's intention to bring together the central government pollution inspectorates to form a Unified Pollution Inspectorate (UPI). The Inspectorate's objectives will be to develop a more coherent approach to the control of industrial emissions and discharges to air, water or land in England and Wales and to provide advice that will help the other pollution control authorities to carry out their statutory responsibilities.

"A Unified Pollution Inspectorate will be an instrument for developing coordinated and practical measures for environmental protection" said Mr Ridley. "In creating this new body we are responding to calls from industry as well as from environmentalists for a clear focus to ensure the most effective use of resources available to control industrial pollution and to provide advice on ways of dealing with industrial wastes".

The Secretaries of State for the Environment and for Wales are already responsible for Air Pollution Policy. At present, they are advised on the control of Industrial Air Pollution by the Health and Safety Commission.

The PM has now agreed that this transfer should take place and that the IAPI should form part of a unified pollution inspectorate.

The creation of the unified inspectorate will involve the transfer to the Department of the Environment of the Health and Safety Executive's Industrial Air Pollution Inspectorate which enforces the relevant legislation. UPI will also draw together staff already in DoE, in the Radiochemical Inspectorate and in the Hazardous Waste Inspectorate. In addition the new Water Pollution Inspectorate proposed in the Government's consultation paper "The Water Environment: The Next Steps" would form part of it.

The new inspectorate will come into being on 1 April 1987. The transfer of functions from the HSC to the Department of the Environment will take place in the context of arrangements designed to ensure close co-operation between the new inspectorate and the HSE. The other HSE inspectorates, which will not be affected by the change, will continue to exercise the functions arising from the HSC's responsibilities for the safety of industrial processes, and the arrangements for co-operation will provide for the necessary liaison between the new Unified Pollution Inspectorate and those inspectorates.

One of UPI's major tasks will be to develop an apporach to pollution control which seeks the "best practicable environmental option" (BPEO) in relation to industrial emissions and discharges. The need for a concerted approach to the problems of air, land and water pollution was first proposed in the fifth

report of the Royal Commission on Environmental Pollution in 1976. The Royal Commission are now engaged on a further study of this issue, and their conclusions will be an important input to the work of the inspectorate. UPI will also need to work closely with the water authorities and local pollution control authorities.

UPI will contain staff dealing with air and water pollution and hazardous wastes. However, its work will not diminish the statutory responsibilities of the water or waste disposal authorities. Discussions will take place with these authorities on the implications of the establishment of UPI for their particular responsibilities and on appropriate liaison arrangement. There will be early consultations with departmental trade unions representing the staff affected in both DoE and HSE.

The Government has announced that it proposed to review air pollution control legislation and to publish a consultation paper discussing options for effective powers which could be made available, as necessary, to either a central inspectorate or to local authorities. It is expected that a consultation paper will be published in the autumn.

Arrangements in Scotland, where a unified pollution inspectorate already exists, will not be affected by the new Inspectorate for England and Wales.

ENV AFFAIRS Acid Rain PT4

SECRET

10 DOWNING STREET

THE PRIME MINISTER

30 July 1986

Dear Walter,

Thank you for your letter of 9 July, which Peter Walker passed to me as you requested. It was helpful to have this account of your meeting with the new Norwegian Prime Minister Mrs. Gro Harlem Brundtland.

I know that Peter Walker and William Waldegrave will be appraising carefully the new evidence on Acid Rain which you will be providing. I very much hope that this can be treated as a matter of urgency, in view of my own visit to Norway in the second week of September.

Yours ever

Margaret

The Lord Marshall of Goring, Kt, CBE, FRS

SECRET

CONFIDENTIAL

CDG

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

MBPM

The Rt Hon The Lord Young of Graffham
Department of Employment
Caxton House
Tothill Street
LONDON
SW1

29 July 1986

Dear David

UNIFIED POLLUTION INSPECTORATE

Now that we are agreed that a new Unified Pollution Inspectorate should be created and located in the Department of the Environment we must consider how to announce our intentions.

The new body will be welcomed by environmentalists and industrialists as providing the potential for a more effectively focussed system of pollution control. However, as Kenneth Clarke has pointed out, we must present it carefully.

There are a considerable number of detailed arrangements to be sorted out before the new Unified Pollution Inspectorate (UPI) can come into operation. I have in mind in particular our need to consider the precise means of transferring the Industrial Air Pollution Inspectorate to DOE. In addition the other pollution control authorities (local government and water authorities) will wish to know that their responsibilities will be undiminished.

I propose therefore that we should set the date for the coming into operation of UPI at 1 April 1987, and that this should also be the date from which the transfer of IAPI to DOE takes effect. My officials will be discussing with HSE detailed proposals for the method by which that may be achieved pending primary legislation. I would propose also to discuss with the water and waste disposal authorities how UPI will relate to their statutory regulatory functions.

Whilst I should have preferred to be able to make this announcement to Parliament I believe that we cannot wait. We need to discuss detailed plans with, for example, the trades unions. I understand that the Opposition parties may state their commitment to a UPI at their conferences this year. There is considerable interest in the outcome of the Efficiency Unit's scrutiny in the national and specialist press. I hope colleagues will agree therefore that this should be a good new story for the Government during the summer recess. I attach a draft announcement which I would be grateful for agreement to issue as soon as possible.

Subject to agreement, I propose to make the announcement on Thursday 7 August. I hope that this will provide adequate time for the necessary consultation with the Health and Safety Commission.

I am copying this to the Prime Minister, the Lord President, the Chancellor of the Exchequer, the Secretaries of State for Trade and Industry, Scotland and Wales, the Minister of Agriculture, Sir Robert Armstrong and Sir Robin Ibbs, and the Secretary of State for Energy.

Yours ever

Nicholas

NICHOLAS RIDLEY

DRAFT ANNOUNCEMENT

GOVERNMENT TO CREATE A UNIFIED POLLUTION INSPECTORATE

Nicholas Ridley, the Secretary of State for the Environment, today announced the Government's intention to bring together the central government pollution inspectorates to form a Unified Pollution Inspectorate (UPI). The Inspectorate will develop a more coherent approach to the control of industrial emissions and discharges to air, water or land in England and Wales and to provide advice that will help the other pollution control authorities to carry out their statutory responsibilities.

"A Unified Pollution Inspectorate will be an instrument for developing coordinated and practical measures for environmental protection" said Mr Ridley. "In creating this new body we are responding to calls from industry as well as from environmentalists for a clear focus to ensure the most effective use of resources available to control industrial pollution and to provide advice on ways of dealing with industrial wastes".

An essential element in the creation of UPI will be the transfer of the Industrial Air Pollution Inspectorate to the Department of the Environment. This Inspectorate presently forms part of the

Health and Safety Executive, although it is responsible in policy terms to the Secretaries of State for the Environment and Wales. UPI will also draw together staff already in DOE, in the Radiochemical Inspectorate and in the Hazardous Waste Inspectorate. In addition the new Water Pollution Inspectorate proposed in the Government's consultation paper "The Water Environment: The Next Steps" would form part of it.

One of UPI's major tasks will be to develop an approach to pollution control which seeks the "best practicable environmental option" (BPEO) in relation to industrial emissions and discharges. The need for a concerted approach to the problems of air, land and water pollution was first proposed in the fifth report of the Royal Commission on Environmental Pollution in 1976. The Royal Commission are now engaged on a further study of this issue, and their conclusions will be an important input to the work of the Inspectorate. UPI will also need to work closely with the water authorities and local pollution control authorities.

Background Note

The new Unified Pollution Inspectorate will come into operation on 1 April 1987 when the transfer of the Industrial Air Pollution Inspectorate to DOE will take effect. No change in Ministerial responsibilities is involved. The other inspectorates in HSE, which deal pimarily with worker safety, are not affected by the change. UPI will continue to cooperate closely with the Factory Inspectorate.

UPI will contain staff dealing with air and water pollution and hazardous waste. However, its work will not diminish the statutory responsibilities of the water or waste disposal authorities. Discussions will take place with these authorities on the implications of the establishment of UPI for their particular responsibilities and on appropriate liaison arrangement. There will be early consultations with departmental trade unions representing the staff affected in both DOE and HSE.

The Government has announced that it proposed to review air pollution control legislation and to publish a consultation paper discussing options for effective powers which could be made available, as necessary, to either a central inspectorate or to local authorities. It is expected that a consultation paper will be published in the autumn.

Arrangements in Scotland, where a unified pollution inspectorate already exists, will not be affected by the new Inspectorate for England and Wales.

CCPC

(3)

SECRETARY OF STATE FOR ENERGY
THAMES HOUSE SOUTH
MILLBANK LONDON SW1P 4QJ

01 211 6402

SECRET

COPY NO 1 OF 5

C D Powell Esq
Private Secretary to
The Prime Minister
10 Downing Street
London
SW1A 2AA

29 July 1986

Dear Charles,

Thank you for your letter of 16 July, which I have been discussing wih David Norgrove. He will have told you that we and the Department of the Environment will be collaborating closely on an urgent examination of the new evidence that appears to have emerged from recent research, as soon as Lord Marshall provides the details. We naturally have the Prime Minister's visit to Norway in September firmly in mind.

As requested I attach a draft reply for the Prime Minister.

I am copying this letter to Barbara Jones in William Waldegrave's office.

Yours,

Geoff

G S DART
PRINCIPAL PRIVATE SECRETARY

BMASU.

SECRET

DRAFT REPLY FROM THE PRIME MINISTER TO LORD MARSHALL

Thank you for your letter of 9 July, which Peter Walker passed to me as you requested. It was ~~extremely~~ helpful to have this account of your meeting with the new Norwegian Prime Minister Mrs Gro Harlem Brundtland.

I know that Peter Walker and William Waldegrave will be ~~carefully~~ carefully appraising the new evidence on Acid Rain which you will providing. I ~~do~~ very much hope that this can be treated as a matter of urgency, in view of my own visit to Norway in the second week of September.

CM.

ENV. AFFAIRS
ACID RAIN
PT 4

JU42
Secretary of State for Trade and Industry

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 5422
GTN 215)
(Switchboard) 01-215 7877

28 July 1986

David Norgrove Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

MAST

Dear David,

PROPOSED NEW POLLUTION INSPECTORATE

My Secretary of State has seen Sir Robert Armstrong's minute of 14 July to the Prime Minister about the proposal to create a new pollution inspectorate, and the attached report.

DTI's interest in the proposal is primarily for its implications for industry, which will have to live with the new inspectorate on a daily basis. In their representations to my Secretary of State, the CBI and the Chemical Industries Association came out strongly in favour of the creation of the new inspectorate and of its location within DOE rather than HSE. Both organisations argued that it is in industry's interests to have a strong but sensible system of pollution monitoring implied in a unified pollution inspectorate; and that the inspectorate's location within DOE would provide it with the opportunity of making a valuable direct contribution towards future pollution policy. My Secretary of State is therefore pleased to note Sir Robert Armstrong's recommendation that the new inspectorate should be created and should be located within DOE, and that the Secretary of State for the Environment and Paymaster General are content.

Industry's one concern about the proposal has been to seek re-assurance that the present levels of technical expertise of the Industrial Air Pollution Inspectorate will not be diminished as a result of the proposed reorganisation. This point is adequately covered in paragraph 8 of the scrutiny report accompanying Sir Robert Armstrong's minute.

I am sending copies of this letter to the Private Secretaries to the Lord President, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Environment,- Scotland and Wales, the Minister for Agriculture, Fisheries and Food, and Sir Robin Ibbs.

Yours sincerely

C Bradley

CATHERINE BRADLEY
Private Secretary

1786
1986
BOARD OF TRADE
BICENTENARY

999-49

Acid Rain : ENV.
Affairs
P4.

CORG

CONFIDENTIAL

Prime Minister

NBPM

SCRUTINY OF INSPECTION FUNCTIONS

1. I have seen a copy of Sir Robert Armstrong's minute to you of 14 July in which he recommends the creation of a combined inspectorate, dealing with air pollution, hazardous waste, water pollution and radiochemical matters, within the Department of the Environment.

2. As Sir Robert says, we in Scotland would from our own experience see substantial advantages in what is proposed. HM Industrial Pollution Inspectorate, which deals with a wide range of subjects including air pollution and the regulation of radioactive discharges, is an integral part of the Scottish Development Department, whose remit covers the environment in Scotland. We have always found this close relationship to be a great advantage; it shortens lines of communication, makes expert advice readily and economically available to administrators, and creates a professional body whose all-round expertise is widely known and respected. The Chernobyl incident and the action which followed it highlighted the value of having available direct access to professional advice on the environmental implications of incidents of this kind, which the Pollution Inspectorate were uniquely placed to provide.

3. I would therefore strongly endorse Sir Robert's recommendation that a unified inspectorate should be created and that it should be located within the Department of the Environment.

JSS21001

4. I am copying this minute to Willie Whitelaw, Nigel Lawson, David Young, Peter Walker, Nick Ridley, Paul Channon, Nick Edwards and Michael Jopling and to Sir Robert Armstrong and Sir Robin Ibbs.

Andy Ruthing

M R

Approved by the Secretary of State and signed in his absence

28 July 1986

JSS21001

ENV. AFFAIRS

ACID RAIN

PT 4

√C3ALS.

10 DOWNING STREET

From the Private Secretary

28 July 1986

The Prime Minister has considered Sir Robert Armstrong's minute of 14 July, and the minutes from your Secretary of State, the Secretary of State for Energy, the Minister of Agriculture, Fisheries and Food, the Chief Secretary and Sir Robin Ibbs.

She has decided that the Industrial Air Pollution Inspectorate should be transferred from the Health and Safety Executive (HSE) to the Department of the Environment (DOE) to form part of a combined Pollution Inspectorate within DOE. She considers it essential that this change should not lead to any increase in the regulatory burden on industry and has asked that DOE and the HSE devote particular care to achieving co-ordination between inspectors dealing with the same industrial process, for example by implementation of the recommendations at paragraph 7.9 of the Efficiency Scrutiny.

The Prime Minister has also decided that the Radiochemical Inspectorate should form part of the new Pollution Inspectorate. She has noted, however, that the Efficiency Scrutiny found some scope for improvement in co-ordination between inspectorates concerned with nuclear matters. She has asked that officials in DOE and HSE, in consultation with MAFF, should put forward quickly, for Ministerial approval and subsequent implementation, a series of measures to improve co-ordination by administrative means as envisaged in paragraphs 6.27 and 6.28 of the Efficiency Scrutiny.

The Prime Minister has asked that DOE should appoint a new action manager (following the retirement of Sir Peter Harrop) and in consultation with the Department of Employment prepare an action plan. This should be available within three months. She has also asked that your Department in consultation with the Department of Employment should submit to her a draft Press Notice announcing the change, and proposals as to the publication of the Efficiency Scrutiny.

I am sending copies of this letter to the Private Secretaries to the Lord President of the Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Trade and Industry, Scotland and Wales, the Minister for Agriculture, Fisheries and Food, Sir Robert Armstrong and Sir Robin Ibbs.

TIM FLESHER

R.U. Young, Esq.,
Department of the Environment.

CC139

PRIME MINISTER

A UNIFIED POLLUTION INSPECTORATE

I have seen Robert Armstrong's minute to you of 14 July and the machinery of government paper.

2. I am glad that the efficiency scrutiny helped clear the ground in this difficult area. I support Robert's recommendations, which are in keeping with the evidence the scrutiny brought out.

3. The scrutiny showed that the present inspection arrangements are messy, not entirely efficient and less effective than they should be. Industry needs a strong and coherent approach from government on pollution inspection. The new arrangements should bring that about.

4. The evidence in the scrutiny also showed that the balance of argument was against locating the new inspectorate in the Health and Safety Executive. The DOE seems the right place for it. Kenneth Clarke has been convinced of this.

5. The machinery of government decision is the beginning of a process of change. To be properly efficient and effective the new inspectorate must be better than the sum of its individual parts. DOE should allocate clear personal responsibility for ensuring the success of the inspectorate by appointing an action manager.

6. The scrutiny made a number of recommendations about the operation of the inspectorate, including that the DOE should set out clear pollution policies and targets for the inspectorate to achieve. These recommendations should be covered in an action plan to be prepared by DOE within 3 months.

7. I am sending a copy of this minute to Robert Armstrong.

JR

ROBIN IBBS
25 July 1986

ENV. AFFAIRS
ACID RAIN
PT 4

PRIME MINISTER 25 July 1986

PROPOSED NEW POLLUTION INSPECTORATE

We support the proposal to site the unified Air, Land, Water and Radio Chemical Inspectorate at DoE for the following reasons:

a. The proposal has the confidence of a number of environmental groups that see this as a sign of our genuine commitment to safeguarding the environment.

b. We will steal a march on opposition parties who will probably announce at Party Conferences that they will initiate this proposal if we do not.

c. Not only do all relevant Government Departments, including Treasury, support the proposal, but the CBI and the Chemical Industries Association want it.

d. We believe there are savings to be made and that Martin Holdgate in DoE is right when he promises us efficiency savings. Although it is uncertain what staff savings will be achieved, we are satisfied that there is clear commitment in the Department to cost savings and the avoidance of padding.

e. We believe that the Water Inspectorate will be a sensible paving stone for water privatisation.

f. We believe that the Radio Chemical Inspectorate which safeguards general public health can work professionally under the DoE while maintaining a sensible and improved working diaglogue with the Nuclear Installations Inspectorate, which remains under HSE. The NII which deals with the safety and design for workers is clearly distinct from the RCI.

Conclusion

We recommend that you give your approval to the new unified inspectorate, but we suggest you underline Treasury's call for efficiency savings.

Hartley Booth.

HARTLEY BOOTH

KBALS

DRAFT LETTER FROM MR FLESHER TO PS/SECRETARY OF STATE FOR THE ENVIRONMENT

The Prime Minister has considered Sir Robert Armstrong's minute of 14 July, and the minutes from your Secretary of State, the Secretary of State for Energy, the Minister of Agriculture, Fisheries and Food, the Chief Secretary and Sir Robin Ibbs.

She has decided that the Industrial Air Pollution Inspectorate should be transferred from the Health and Safety Executive (HSE) to the Department of the Environment (DOE) to form part of a combined Pollution Inspectorate within DOE. She considers it essential that this change should not lead to any increase in the regulatory burden on industry and has asked that DOE and the HSE devote particular care to achieving co-ordination between inspectors dealing with the same industrial process, for example by implementation of the recommendations at paragraph 7.9 of the Efficiency Scrutiny.

The Prime Minister has also decided that the Radiochemical Inspectorate should form part of the

new Pollution Inspectorate. She has noted, however, that the Efficiency Scrutiny found some scope for improvement in co-ordination between inspectorates concerned with nuclear matters. She has asked that officials in DOE and HSE, in consultation with MAFF, should put forward quickly, for Ministerial approval and subsequent implementation, a series of measures to improve co-ordination by administrative means as envisaged in paragraphs 6.27 and 6.28 of the Efficiency Scrutiny.

The Prime Minister has asked that DOE should appoint a new action manager (following the retirement of Sir Peter Harrop) and in consultation with the Department of Employment prepare an action plan. This should be available within three months. She has also asked that your Department in consultation with the Department of Employment should submit to her ~~as soon as possible~~ a draft Press Notice ~~Parliamentary Question~~ announcing the change, and proposals as to the publication of the Efficiency Scrutiny.

I am sending copies of this minute to the Private Secretaries to the Lord President of the

RTAAAG

Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Trade and Industry, Scotland and Wales, the Minister for Agriculture, Fisheries and Food, Sir Robert Armstrong and Sir Robin Ibbs.

Ref. A086/2173

MR FLESHER

Proposed New Pollution Inspectorate

Further to Sir Robert Armstrong minute of 14 July to the Prime Minister, I now submit a draft minute from you which takes account of recent minutes giving the views of the Secretaries of State for the Environment and Energy, the Minister of Agriculture, the Chief Secretary and Sir Robin Ibbs.

MS

M C STARK

25 July 1986

1

PRIME MINISTER

UNIFIED POLLUTION INSPECTORATE

As you know Sir Robert Armstrong has submitted to you the report assessing the proposal for the New Pollution Inspectorate to be housed in DOE which you commissioned last October because you were doubtful whether the existing arrangements to be changed. The Policy Unit are also in favour (see Hartley's note - Flag B). Ministers have now commented and their comments are at Flag C (Department of Environment), Flag D (Department of Employment), Flag E (Treasury), F (Energy), G (Sir Robin Ibbs). All have backed the proposal.

You will recall that Lord Marshall was keen for the Radiochemical Inspectorate which deals with nuclear matters to be moved from DOE to HSE. However, Employment and Energy are both against this. It will be a tough fight to counter the unanimous view of the Ministers who have commented.

Do you wish to accept Sir Robert Armstrong's proposals?

If so, a draft PS letter for your approval is at Flag H.

Agreed MT

Tim Flesher

25 July 1986

Yes MT.

JA1AZC

BF // Await RTA CCBG

NCI SO —

PRIME MINISTER

PROPOSED NEW POLLUTION INSPECTORATE

I have seen Sir Robert Armstrong's minute of 14 July.

My main interest is in the effectiveness of the Nuclear Inspectorates in relation to the operations of British Nuclear Fuels and the CEGB. As Sir Robert notes, both bodies have complained that they are exposed to duplication, delay and conflict; and Lord Marshall argues that the Radiochemical Inspectorate should be transferred to the HSE as the best way to ensure effective co-ordination of its activities with those of the Nuclear Installations Inspectorate. I have some sympathy with Lord Marshall's view. However, I recognise that, at the present time, a transfer of RCI's work on licensed nuclear sites to the HSE would present difficulties.

I am therefore content with Sir Robert's proposal that the Radiochemical Inspectorate become part of the new Pollution Inspectorate and that administrative measures be taken to ensure adequate co-ordination between the various Inspectorates. For these to be successful it will be necessary for DoE and HSE to set out for Ministerial approval the steps they propose taking to improve co-ordination.

Copies of this minute go to the Lord President of the Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Environment, Trade and Industry, Scotland and Wales, the Minister for Agriculture, Fisheries and Food and Sir Robin Ibbs.

Secretary of State for Energy

24 July 1986

ENV. AFFAIRS
ACID RAIN
PT 4

CCPG

MINISTRY OF AGRICULTURE, FISHERIES AND FOOD
WHITEHALL PLACE, LONDON SW1A 2HH

From the Minister

CONFIDENTIAL

The Rt Hon Margaret Thatcher MP
Prime Minister
10 Downing Street
London SW1

NSPM

24 July 1986

Dear Prime Minister

PROPOSED NEW POLLUTION INSPECTORATE

Sir Robert Armstrong's minute of 14 July refers. at flag

The Department has been consulted during the preparation of this Report and I am content that it correctly reflects my interests and in particular the need for my officials to be involved in discussions on improving the administrative co-ordination on nuclear matters.

I can therefore accept both the analysis and conclusions reached by Sir Robert Armstrong.

I am sending copies of this letter to the Lord President of the Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Environment, Trade and Industry, Scotland and Wales, Sir Robin Ibbs and to Sir Robert Armstrong.

Yours ever
Michael

MICHAEL JOPLING

GNV AFFAIRS Acid Rain PT4

PRIME MINISTER 23 July 1986

ACID RAIN - E(A), 24 JULY

You ought to be aware that, following his recent visit to Scandinavia, Lord Marshall has written to Peter Walker indicating a fundamental shift in the CEGB's attitude towards the retrofitting of emission control equipment in existing power stations. Peter Walker will refer to this, probably in cautious terms. Nicholas Ridley and William Waldegrave will want to press for a softening of the Government's resolution to seek a minimalist solution.

Hitherto, the CEGB's policy line on acid rain has been as follows:

- we acknowledge our responsibility to have "due care for the environment";

- in fulfilling this responsibility, we will be guided by scientific evidence of cause and effect rather than political pressures in response to the environmental lobby;

- so far, we have not been sufficiently satisfied with the diagnosis of the environmental damage attributed to acid rain to justify spending £100s of millions on questionable solutions.

Lord Marshall is now satisfied that the research programme being jointly conducted by the Royal Society, the Norwegian Academy of Science and the Royal Swedish Academy of

Sciences is providing sufficiently convincing scientific evidence to justify substantial retrofit investment by the CEGB. His Board have endorsed this view and the conclusion that "we cannot sustain the position (that scientific evidence was incomplete and inconclusive) once the Royal Society has reported to us in a year's time, and we see great merit to anticipate that position by taking our first steps now".

Tentatively, Lord Marshall suggests that the CEGB would, in due course, need to undertake an investment programme "certainly more than £600 million" and not so far included in CEGB's plans. The sort of measures he envisages would include the retrofitting of flue gas desulphurisation to the new extension at Drax and to selected units at perhaps 2-3 other stations. The CEGB could then preferentially burn high sulphur coal in such stations to minimise the overall emission of sulphur dioxide. He claims that retrofitting on this scale would, of itself, increase electricity prices at the end of the century by less than 2%. (The cost of fitting all new stations with emission controls would ultimately add substantially to this figure.)

The question which arises from the CEGB's change of attitude is whether the British Government should still be aiming to keep any shift from our existing position to a bare minimum.

The costs are inevitably large, yet the quantification of benefits is likely to remain elusive. Major strategic issues

need to be weighed carefully; for example, the long-term contribution of nuclear power, the rate of retirement of old fossil fuel stations and their replacement with new plant fitted from the outset with emission controls, the scope for using low sulphur imported coal, the contribution of renewable sources like the Severn Barrage, and, not least, the handicap of higher electricity prices to British consumers, including the business sector.

Previously, the CEGB have claimed, on good evidence, that sulphur dioxide emissions are not responsible for damaging forests and that the most effective way to prevent the real damage - the killing of fish stocks in soured Scandinavian lakes - is to add lime to the lakes; could this still be the case?

It may be worth noting that a new model, developed by the international scientific community to quantify the deposition of sulphur in Scandanavia, indicates that the UK contribution may be nearer to 9% rather than 16%.

Conclusion

The fundamental change of policy proposed by the CEGB is far reaching and potentially expensive. We need to be sure that the scientific basis for Lord Marshall's new policy is compelling. We should be wary of hasty solutions whilst respecting the concerns of environmentalists.

JW.

JOHN WYBREW

pp HARTLEY BOOTH

CABG

PRIME MINISTER

MCR

PROPOSED NEW POLLUTION INSPECTORATE

I have seen Sir Robert Armstrong's minute to you of 14 July with his recommendations following the assessment of the proposal for a New Pollution Inspectorate and of its location.

My officials have been involved in the detailed Scrutiny of the Inspectorates' functions and they have kept me informed of its progress and of the assessment. I have since seen the final report and the recommendations made by Sir Robert Armstrong about the composition of the new Inspectorate and where it should be located. I would confirm that the recommendations now made fully support the views I have previously made on the original proposal.

/ I am copying this minute to the Lord President of the Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Environment, Trade and Industry and Scotland, the Minister for Agriculture, Fisheries and Food, Sir Robin Ibbs and Sir Robert Armstrong.

NR

23 July 1986

R N E

GNV AFFAIRS Acid Rain PTY

PRIME MINISTER

ACID RAIN

The correspondence from Lord Marshall is likely to be a complication at tomorrow's meeting.

Lord Marshall wrote to you (letter below) about his trip to Norway. This suggests some slight movement on his part towards recognition that CEGB emissions are damaging surface waters in Norway. However, Lord Marshall also wrote to Peter Walker (Mr. Walker copied the letter to William Waldegrave but not to you.) This letter apparently goes much further, and is summarised in the Policy Unit brief.

Mr. Waldegrave agreed with Mr. Walker that the correspondence need not be discussed in detail at E(A). Lord Marshall had not provided the scientific evidence to support his change of views and indeed it is said that he has not discussed his position even with other people in the CEGB; Lord Marshall's views can and do change and could change again; to make his change of heart widely known now would weaken the UK's negotiating position; and in any case the correspondence need not affect the point for decision tomorrow: whether we should open discussions with like-minded States on the scope for a minimalist position.

Mr. Ridley apparently disagreed with Mr. Waldegrave; is annoyed that this correspondence has not been brought into the open; and intends to bring it out at E(A) tomorrow.

In this case, Mr. Walker and Mr. Waldegrave seem to me to be right. The key point is that if later discussions with Lord Marshall show that the UK needs to take a more forward position, we can do so. But we can perfectly well begin now with the minimalist position proposed in the DOE paper.

DRN

DAVID NORGROVE

23 July 1986

BM2ASN

001/1283

CONFIDENTIAL

FROM: CHIEF SECRETARY
DATE: 23 July 1986

PRIME MINISTER

PROPOSED NEW POLLUTION INSPECTORATE

I have seen a copy of Robert Armstrong's minute to you of 14 July.

2 I am content with his recommendations, subject to the important proviso that they must not lead to any additional costs. In particular this means:

(a) that we should firmly resist any resulting pressure from the Trade Unions for levelling up of pay rates; the risk of this is referred to in paragraph 8 of the report;

(b) that there must be no resulting increases in staff numbers. Indeed given that the efficiency scrutiny concluded that the IAPI was generously resourced, I hope Nicholas Ridley will look hard to see if staff savings are possible.

3 I am copying this minute to Willie Whitelaw, David Young, Peter Walker, Nicholas Ridley, Paul Channon, Malcolm Rifkind, Nicholas Edwards, Michael Jopling, Sir Robin Ibbs and Sir Robert Armstrong.

JOHN MacGREGOR

CONFIDENTIAL

ENV. AFFAIRS
ACID RAIN
PT4

010

CC HO
CC Urwin
CO

CONFIDENTIAL

Qz.05203

Monday please
DRN

MR NORGROVE (10 DOWNING STREET)

Draft Directive on Large Combustion Plants

I remain of the view that these papers do not change the need for the authority requested by the Secretary of State for the Environment in E(A) 37 to explore with some other member states a minimum solution. That is the purpose of E(A) 37 and the only authority needed from the E(A) discussion. I recognise that the views of the CEGB may be changing but, quite consistently with the conclusions of E(A) 37, they and the Government can come to more definite conclusions during the autumn.

D F Williamson

D F WILLIAMSON

18 July 1986

cc Mr Urwin

To see and return please.

DRN
21/7.

CONFIDENTIAL

ENV. AFFAIRS: Acid Rain: Pt 4

NJ/E10

CONFIDENTIAL

cc BG

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 5949
Switchboard 01-213 3000

David Norgrove Esq
10 Downing Street
London SW1

18 July 1986

MGA

Dear David,

PROPOSED NEW POLLUTION INSPECTORATE

The Paymaster General has seen Sir Robert Armstrong's minute to the Prime Minister of 14 July. As Minister responsible for the Health and Safety Executive and the Commission, he agrees the conclusions that a new Inspectorate should be created and located in the Department of the Environment.

He comments that the presentation of this change will need to be handled carefully, because some members of the Health and Safety Commission are opposed to it and have sought to argue that it could prove inefficient with consequences for safety. It will be equally important to establish effective administrative arrangements to secure close co-operation between the new Inspectorate and the Inspectorates which will remain with the Health and Safety Executive.

I am sending copies of this letter to the Private Secretaries to Lord President, the Chancellor of the Exchequer, the Secretaries of State for Energy, the Environment, Trade and Industry, Scotland and Wales, the Minister of Agriculture, Sir Robert Armstrong and to Sir Robin Ibbs.

Yours ever,

Jacob Franklin

JACOB FRANKLIN
Private Secretary

CONFIDENTIAL

ENV-AFFAIRS — Acid Rain Pt 4

CC BC

cc Michael Stark
(to ensure you have a copy)

PRIME MINISTER

UNIFIED POLLUTION INSPECTORATE

I have received a copy of Sir Robert Armstrong's recommendations for machinery of government changes following the report of the MPO study team on the establishment of a unified Pollution Inspectorate.

I am pleased to see that the efficiency scrutiny you initiated supports our view that there is a strong case on efficiency grounds for bringing together the various inspectorates concerned with environmental protection. Certainly the CBI and Chemical Industries Association believe that industry would benefit from the greater coherence that a unified Pollution Inspectorate located in the Department of the Environment would be able to bring to the control of industrial pollution. William Waldegrave has received substantial support from concerned industrialists as well as serious environmentalists on this issue over the last eighteen months or so.

I endorse William's view that the Government's credibility as guardians of environmental quality depends on the public's view of the Secretary of State for the Environment's role. I believe that this is particularly important in the case of radioactivity in the environment, where the Radiochemical Inspectorate act on my behalf.

In addition to my responsibilities for policy development on water and air pollution, waste disposal and radioactive waste management, I have a direct responsibility, with the Minister of Agriculture, Fisheries and Food, for authorising radioactive discharges into the environment. In purely practical terms it is essential for me to have direct access to those with the professional expertise and technical understanding of practical problems in all these areas and to be able to draw together those

experiences. The problems of conflict between those responsible for safety at work and those responsible for effects on the environment may be eased by better co-ordination. We have willingly undertaken to follow-up the Scrutiny's recommendations in relation to co-ordination between the Radiochemical Inspectorate and the Nuclear Installations Inspectorate.

In political terms it is essential for me to be seen to have direct and clear control over the Radiochemical Inspectorate's nuclear work. As the report implies, a wide-ranging "Nuclear Regulation Agency/Inspectorate" would be fully accountable to no-one and therefore unlikely to reassure the public. Legislation would of course be needed to remove from those of us currently responsible our various statutory functions. A decision as to whether we need one "nuclear Minister", responsible for everything from safety at work to transport of nuclear waste and medical research, should surely come before any radical re-ordering of the executive. As Sir Robert says, you may wish to look at nuclear functions in a year or two, but I hope that you will agree now that the whole of the Radiochemical Inspectorate should remain within DOE, as has been recommended.

The Royal Commission on Environmental Pollution first proposed a unified Pollution Inspectorate in 1976. I believe that by endorsing Sir Robert's proposals and creating a unified Pollution Inspectorate in DOE we would demonstrate a commitment to strong, practical policies for environmental protection which will commend widespread support. I hope that we will be able to announce such a decision very soon.

I am sending copies of this minute to those who received a copy of Sir Robert Armstrong's recommendations.

NR

18 July 1986

ENV. AFFAIRS
ACID RAIN
PT 4

file SECRET bc. P.C. to D1

(2)

10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

16 July, 1986.

The Prime Minister has read Lord Marshall's letter enclosed with your Secretary of State's minute of 15 July about acid rain deposition in Scandinavia. She notes that the Department will be appraising the new facts that have emerged from recent research. She hopes this will be completed in time for her visit to Norway in the first half of September. Meanwhile, I should be grateful if you would let me have a draft reply to Lord Marshall prepared in collaboration with the Department of the Environment.

I am sending a copy of this letter to Barbara Jones (Mr. Waldegrave's Office, Department of the Environment).

(C.D. Powell)

Geoff Dart, Esq.,
Department of Energy.

SECRET

UB

E.R.

PRIME MINISTER

You ought to be aware that Robert Armstrong has now submitted to you the Report with an assessment of the proposal for a new Pollution Inspectorate, taking in both existing DOE units and the Industrial Air Pollution Inspectorate, to be housed at DOE.

You commissioned this last October, when Kenneth Baker put the idea forward. At the time, you did not see the need for any change to the existing arrangements, but you agreed that a review should be conducted.

You do not need to act on the Report now. We should wait for comments from other Ministers first. But you will remember that Lord Marshall was keen for the Radiochemical Inspectorate which deals with nuclear matters to be moved from DOE to HSE. The review's proposal, that for now the Radiochemical Inspectorate should remain where it is in DOE, seems unlikely to go down well with him.

Mark Addison

(Mark Addison)

16 July 1986

DCA.59

CC Wilkinson (CO)

(2) (1)

Prime Minister cc HB

An interesting account. Mrs Brundtland's views are reasonable.

cc Urwin (CO)

I propose to ask Mr. Walker to come back to us when the appraisal is completed before your visit to Norway in September

CDP 15/7

SECRET

COPY NO 1 OF 5

Prime Minister

I enclose a letter that Walter Marshall has asked me to pass on to you concerning acid rain and his recent visit to Norway. I have asked Lord Marshall to provide my Chief Scientist with the new facts that have emerged from the research so that we can quickly appraise their significance. I am naturally keeping the Department of the Environment informed as to these developments and will share with them the scientific data that we receive.

I am copying this minute to William Waldegrave.

With best wishes,

SECRETARY OF STATE FOR ENERGY

15 July 1986

Ref. A086/2052

PRIME MINISTER

Proposed New Pollution Inspectorate

Last October you asked the Cabinet Office to undertake a detailed assessment of a proposal by the then Secretary of State for the Environment that a new Pollution Inspectorate should be formed within his Department, taking in both existing DOE units and the Industrial Air Pollution Inspectorate, currently located in the Health and Safety Executive (HSE). That work is now complete, and I attach a report, prepared in consultation with Departments, together with Volume 1 of the Efficiency Scrutiny with which we began the assessment.

2. The report recommends the creation of such a combined Pollution Inspectorate, and comes down in favour of locating the new body in DOE. The new Inspectorate would consist of the existing Industrial Air Pollution Inspectorate, which would be transferred from HSE to DOE, plus the Radiochemical Inspectorate, the Hazardous Waste Inspectorate and DOE/Welsh Office water pollution staff. The report also recommends administrative measures to ensure co-ordination between the Pollution Inspectorate and other Inspectorates remaining with HSE, and in particular to improve co-ordination on nuclear matters between DOE's Radiochemical Inspectorate and HSE's Nuclear Installations Inspectorate.

3. The first question is whether to bring together the various existing units into a combined Pollution Inspectorate. The objectives would be to create a unified source of technical expertise spanning the range of pollution issues and reflecting inspectors' knowledge of industry on the ground, to emphasise the Government's commitment to pollution control, and to improve

RTAABG

the United Kingdom's input to international pollution initiatives. There are considerable political attractions in such a move; the Efficiency Scrutiny came down strongly in favour; and outside Government there is support both from the Royal Commission on Environmental Pollution and from the CBI and the Chemical Industries Association. The move would be neutral in manpower terms, and I find the case for it convincing.

4. If you decide to create a combined Pollution Inspectorate, there is then the question of whether to locate it in the DOE or in the HSE. A DOE location is favoured by the Secretaries of State for the Environment and for Wales (whose responsibilities the new Inspectorate would support), for Scotland (where the existing Industrial Pollution Inspectorate is a precedent for most of what is proposed), and for Trade and Industry (supporting industry views), also by the Royal Commission on Environmental Pollution. It would mean transferring the Industrial Air Pollution Inspectorate (some 50 staff) from HSE to DOE. This could be done without new legislation.

5. When the study was commissioned last October, you were particularly concerned that any new arrangements should not add to the regulatory burdens on industry. The assessment has looked carefully at that point. Industrial processes give rise to both safety and pollution consequences, and the concern has been that, if the regulatory regimes applied to these two aspects are not well co-ordinated, firms could be faced with duplication or inconsistency. When the HSE was created in 1974, the aim was to bring together Inspectorates dealing with different aspects of the same process, and the Industrial Air Pollution Inspectorate was moved from DOE to HSE.

6. The Efficiency Scrutiny found, however, that, with measures in place to encourage co-ordination between DOE and HSE, moving the Industrial Air Pollution Inspectorate back to the DOE need not produce any increased regulatory burden. I think that is

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right. No difficulty has been detected in Scotland where air pollution inspection is already carried on outside the HSE; and a relatively small number of processes will be affected by the change, which is supported by the chemical industry. Transferring the Industrial Air Pollution Inspectorate to DOE would also be consistent with your decision in 1982 to locate the new Hazardous Waste Pollution Inspectorate in DOE, rather than in HSE (whereas creating a combined Pollution Inspectorate in HSE would mean transferring the Hazardous Waste Inspectorate and other DOE units to HSE). I suggest therefore that you approve the transfer to DOE, as the report recommends, but that you ask DOE and HSE to pay particular attention to the need for continued close liaison between Pollution and HSE Inspectors, including the recommendations at paragraph 7.9 of the Scrutiny.

7. A final question is whether a new Pollution Inspectorate should include the whole of the work of DOE's Radiochemical Inspectorate. The main alternative would be to split off that part of the work which relates to licensed nuclear sites and put it with the Nuclear Installations Inspectorate under HSE management.

8. A number of Ministers currently have responsibilities relating to the regulation of nuclear power, and a number of inspectorates are involved - of which the Nuclear Installations Inspectorate is by far the largest. British Nuclear Fuels and the Central Electricity Generating Board complain that they are exposed to duplication, delay and conflict, and Lord Marshall argues that the Radiochemical Inspectorate should be transferred to the HSE.

9. The Efficiency Scrutiny concluded that there was scope for improving present arrangements. The attached report recommends seeking the improvement through administrative measures within the present structure, rather than by bringing the Radiochemical Inspectorate under HSE management. I agree that administrative

measures are the best course for the present. Common management with HSE would be likely to yield only limited benefits over and above those obtainable by administrative action, while the cost could be considerable: the Secretaries of State for the Environment and for Wales place great importance on having the Radiochemical Inspectorate in DOE, and public controversy would also have been probable even before this year's incidents at Sellafield and more recently the Chernobyl accident. But there may be a need to look again at nuclear functions in a year or two's time, if difficulty persists.

10. I am sending copies of this minute to the Lord President of the Council, the Chancellor of the Exchequer, the Secretaries of State for Employment, Energy, Environment, Trade and Industry, Scotland and Wales, the Minister for Agriculture, Fisheries and Food, and Sir Robin Ibbs. You will wish to consider any comments they may have, in the light of which I will provide you with further advice.

RTA

ROBERT ARMSTRONG

14 July 1986

RTAABG

CONFIDENTIAL

PROPOSED NEW POLLUTION INSPECTORATE

I INTRODUCTION

1. The then Secretary of State for the Environment's minute of 23 September proposed the transfer of the Industrial Air Pollution Inspectorate (IAPI) from the Health and Safety Executive to DOE. IAPI would then form the core of a new Pollution Inspectorate to be set up within DOE and to include also the Radiochemical Inspectorate (RCI), Hazardous Waste Inspectorate (HWI) and professional staff dealing with water pollution. No 10's letter of 16 October recorded the Prime Minister's request for a detailed assessment of the likely benefits of this proposal.

2. The first stage of this review comprised an Efficiency Scrutiny of relevant parts of DOE and HSE and Volume 1 of the Scrutiny report is attached. This paper draws on the Scrutiny recommendations, and Departments' comments on them, to provide a basis for a response to the Prime Minister's request.

3. Three questions arise for decision:

(i) whether to create a new combined Pollution Inspectorate;
(ii) whether it should contain all or part of the present RCI;and
(iii) whether to locate the new Inspectorate in DOE or HSE.

II COMBINED POLLUTION INSPECTORATE

Options

4. There are two options here:

(i) to bring together the main pollution inspection functions as a combined Pollution Inspectorate (either in DOE, as Mr Baker proposes, or in HSE); or

(ii) to continue the status quo, in which IAPI is managed by HSE and the RCI, HWI, and water pollution staff by DOE.

Assessment

5. There would be both presentational and efficiency arguments in favour of a new combined Pollution Inspectorate. The Royal Commission on Environmental Pollution has recommended an integrated Pollution Inspectorate in four reports since 1974. Mr Baker judged that such a step would increase central government's ability to provide leadership and practical guidance to local and water authorities, and to industry, and would restate the Government's commitment to environmental protection. This view is shared by the Secretary of State for Wales, to whom such a new Pollution Inspectorate would report in respect of Welsh matters.

6. In efficiency terms the Scrutiny report argues that a combined Pollution Inspectorate would:

(i) facilitate better allocation of inspection resources to the different media (the scrutiny found an inbalance in the resources currently devoted to air pollution when compared to water and land); and

(ii) improve inspectors' technical input to the formulation of policy and guidance for enforcement officers on the ground, in particular on cross-media issues such as the transfer of pollutants from one medium to another. The CBI and Chemical Industries Association emphasise this as a means of improving the UK input to environmental initiatives developed in Brussels.

7. The existing Industrial Pollution Inspectorate for Scotland (HMIPI) is a precedent for most of what is proposed - it combines air, radiochemical and some hazardous waste inspection (but generally not water pollution) in a single inspectorate within the Scottish Development Department.

Conclusion

8. There are different views on whether a combined Pollution Inspectorate should be located in DOE or in HSE and these are discussed in section IV below. But if a satisfactory answer can be found to the question of location, there seems to be a good case for creating such an Inspectorate. Departments, HSE, the Royal Commission on Environmental Pollution and the scrutiny report all see benefits in integrated pollution inspection arrangements. There are two caveats:

(i) IAPI has earned industry respect by virtue of its expertise and knowledge, and it would be important to ensure that any integration of IAPI into a combined Pollution Inspectorate should not diminish these qualities.

(ii) Consideration would need to be given to the appropriate pay rates for the staff of the new Inspectorate and the pay implications of bringing together the IAPI Staff with the other environmental inspectorates. Different inspectorates are currently paid at different rates and it would be necessary to ensure that the merger did not automatically lead to a levelling-up.

III RADIOCHEMICAL INSPECTORATE (RCI)

9. The RCI reports to the Secretaries of State for the Environment and for Wales and is organisationally part of DOE; Mr Baker proposed that, as a key inspectorate supporting his responsibility for radioactive waste, it should form part of a new Pollution Inspectorate. It seems sensible to consider first whether there is any other option which might be preferred, because the presentational impact of a new Pollution Inspectorate would be lessened and disruption increased if the RCI were first included, then removed to join some other grouping. One option advocated by Lord Marshall, the CEGB Chairman, is that the RCI should be transferred to HSE, so as to be under common management with the Nuclear Installations Inspectorate (NII). (One third of RCI effort is devoted to licensed nuclear sites - power stations, Sellafield, etc also inspected by the NII, two-thirds to some 6,000 non-licensed sites - industry, hospitals, etc. Another is that the RCI should remain separate from either a new Pollution Inspectorate or HSE.

Options

10. Three main options therefore emerge from the Scrutiny and Departments' comments on it:

(i) transfer the RCI's nuclear work to the HSE (thus meeting Lord Marshall's desire for common management of NII and RCI nuclear work). The RCI's non-nuclear work could be transferred as well (D/Employment favour this, on the ground that RCI work as a whole would sit well with HSE's responsibility for regulations on ionising radiation); or it could remain in DOE as the Scrutiny envisaged in one option, which would mean splitting the RCI, with its non-nuclear work only forming part of a Pollution Inspectorate;

(ii) put the RCI as a whole into the new Pollution Inspectorate, as Mr Baker proposed, and seek to improve co-ordination between the RCI and NII by administrative means. This is the other option set out in the Scrutiny, and is supported by the Welsh and Scottish Offices;

(iii) seek improved administrative arrangements between the NII and RCI as in option (ii), but keep at least the nuclear functions of the RCI separate from the new Pollution Inspectorate (a variant postulated by the Department of Energy).

Assessment

11. Four separate bodies inspect the nuclear industry in England and Wales:

Inspectorate	Staff
Nuclear Installations Inspectorate(HSE)	150
RCI (DOE/Welsh Office)	35 (11-12 on nuclear work)
Fisheries Laboratory (MAFF)	4 (inspection only)
Atomic Energy Unit (MAFF)	4 (inspection only)

This structure reflects history, the availability of expertise and the present somewhat complex pattern of Ministerial responsibilities in relation to nuclear matters. The Secretary of State for Energy (in England and Wales) and the Secretary of State for Scotland are, in a policy sense, responsible for the safety of the nuclear industry. They are advised on nuclear safety matters by the NII. But nuclear site licences are issued by the NII which, as part of the HSE, is independent of the sponsoring Departments and operates under the aegis of the Secretary of State for Employment. The Secretary of State for the Environment is responsible for policy on radioactive waste management, and jointly with the Minister for Agriculture Fisheries and Food for authorising radioactive discharges and monitoring radioactivity in the environment and in food in England. They are supported by the inspection capabilities of the RCI and MAFF units respectively, and to some extent by HSE and NII.

12. The structure of Ministerial responsibilities is simpler in Scotland, as the following table shows:

	ENGLAND	WALES	SCOTLAND
MINISTERS	SOS/Energy SOS/Environment SOS/Employment Minister of Agriculture	SOS/Energy SOS/Wales SOS/Employment	SOS/Scotland SOS/Employment
INSPECTORATES	NII RCI MAFF FL	NII RCI (MAFF units	NII HMIPI

MAFF AEU	operate at Welsh Office request	MAFF FL (undertakes coastal monitoring at Scottish Office request)

13. In theory the involvement of four inspecting bodies each under separate management, risks:

(i) omissions, where issues fall between stools;

(ii) duplication and conflict, where regulatory regimes overlap.

The scrutiny found no evidence of the first risk having occured in practice, but some evidence of the second, together with marked dissatisfaction from the CEGB and BNFL about the relationship between the NII and RCI, in particular at Sellafield. This was in contrast to the attitude of non-nuclear industry, which generally found inspection helpful.

14. Applying common management to nuclear inspection (option (i) above) would be one way of addressing these difficulties. This would be well received by the nuclear industry and would bring some benefits of efficiency. But the scale of efficiency benefits would be limited,since:

- while the views and priorities of different inspectorates may conflict initially, there is no evidence of such initial differences enduring to the point where the industry's construction plans would be delayed;

- the scale of any duplicatory work is small given that only one third of the RCI's effort - ie some 11-12 man years -is devoted to nuclear work, while the vast bulk of nuclear inspection work -the 150 man years in the NII - is already under a single management.

And at least some of these difficulties could be addressed by administrative measures stopping short of common management.

15. Common HSE management with reporting links to the various policy Departments would also bring a number of disadvantages to set against these limited efficiency benefits:

(i) DOE Ministers are strongly of the view that they need radiochemical inspectors under their direct command if they are to discharge their responsibilities satisfactorily (a view supported by the Secretaries of State for Scotland and Wales). MAFF also consider their departmental radiological inspectors as necessary to and integrated with wider MAFF responsibilities.

(ii) as the scrutiny recognises, merging the nuclear work of the RCI into the NII in HSE could be represented -whether this was in fact the case or not - as a downgrading of radioactive waste management in comparison to the safety interest in regulation (Sometimes there is a trade-off to be made between safety and waste management objectives - for example encapsulating radioactive waste reduces risks to workers but may constrain eventual waste disposal options);

(iii) the new Pollution Inspectorate would lack one of the components envisaged for it by, for example, the Royal Commission on Environmental Pollution. It could still

serve a useful function, but would be less comprehensive and less well received by environmental organisations than would an Inspectorate including the RCI nuclear functions.

With the exception of D/Employment, Departments generally favour administrative measures to improve coordination between the NII, RCI and MAFF (options (ii) and (iii)), rather than a common management approach.

16. Locating the RCI as a whole in the new Pollution Inspectorate (option (ii) above) would not raise these difficulties (unless the new Inspectorate were located in HSE, when the first two would arise). It would be necessary to look to administrative means of improving co-ordination between the NII, RCI and MAFF units. While an administrative package can never produce the clear accountability for the management of nuclear inspection overall of a unified management structure, Departments consider that it would be capable of delivering some improvements, and the present clear accountability of individual inspectorates to individual Ministers would be continued.

17. Option (iii) above - leaving at least the nuclear inspection functions of the RCI separate from both the NII and the new Pollution Inspectorate, and(as in option (ii)) looking to administrative means to improve NII/RCI co-ordination - would avoid the disadvantages of merging RCI nuclear work into the HSE. It would also avoid any risk that, if such work became part of a new Pollution Inspectorate, the new Inspectorate's top management could add another layer of management through which communication between the NII and RCI would have to pass. It would, however, meet the full desires of neither the Royal Commission on Environmental Pollution and environmentalist organisations on the one hand, nor Lord Marshall and the nuclear industry on the other.

Conclusion

18. Bringing all nuclear inspection functions under common management in the HSE might well be attractive if the Government were planning increased emphasis and resources for nuclear inspection perhaps via a "Nuclear Regulation Agency/Inspectorate." Any such general initiative to give Government's nuclear role a clearer focus might well rationalise not only the four present inspectorates, but also the present five independent bodies: the National Radiological Protection Board, the Advisory Committee on the Safety of Nuclear Installations, the Radioactive Waste Management Advisory Committee, the Committee on Medical Aspects of Radiation in the Environment and the Advisory Committee on the Safe Transport of Radioactive Materials. But this would add DHSS and D/Transport to the list of those whose existing responsibilities would be affected. The question would then arise as to whether a more unified structure would be perceived to yield satisfactory service to the various different Ministers with nuclear-related responsibilities, or whether Ministerial responsibilities would also have to be concentrated together in a specifically nuclear portfolio.

19. Unless part of such a wider initiative, however, a merger of RCI nuclear work into the HSE seems likely at present to be particularly at risk of an unfavourable reception. Three incidents at Sellafield during the scrutiny and now the Chernobyl reactor accident mean that any change in this area will attract great public scrutiny and, unless self-evidently a tightening of standards or their enforcement,risk hostile comment. The disadvantages of option (i) appear to outweigh the limited efficiency advantages.

20. Option (iii), putting the RCI nuclear inspection functions in neither the new Pollution Inspectorate nor a common HSE management with NII, would deny the Government the possible advantages of both these options. The argument that it would facilitate NII/RCI coordination more than if the RCI were in a new Pollution Inspectorate is not incontrovertible - the RCI already reports to a top management within DOE, and it is not clear why a new Pollution Inspectorate's top management should present more of a barrier to coordination with the NII than does the existing structure. The option would only seem attractive if it were desired to avoid any change in nuclear-related areas at present.

21 Unless therefore Ministers see an overriding need to avoid any nuclear related change at this time, we recommend that the RCI as a whole should form part of the new Pollution Inspectorate, and that the DOE and HSE be asked to pursue administrative improvements in coordination as in the scrutiny report's paragraph 9.7(ii), consulting MAFF and building on discussions already planned to improve NII/RCI coordination. (The Scrutiny floated the possibility of a new Secretariat to encourage coordination. Departments doubt the need for this. The important requirement is for DOE and HSE to set down clearly for Ministerial approval the steps that they propose in order to improve coordination.The idea of a Secretariat might therefore be kept in reserve for further consideration if difficulties persist in spite of other measures).

IV LOCATION OF POLLUTION INSPECTORATE

Options

22. There are two main options for locating the Pollution Inspectorate recommended in paragraph 9:

(i) in DOE, as proposed by Mr Baker: or

(ii) in HSE, where there are two variants.The reporting line on pollution inspection could run direct from HSE to DOE Ministers, or could pass through the Health and Safety Commission. The former variant would give somewhat more direct links - though still of course less direct than for an Inspectorate in DOE itself - and would avoid the awkwardness of the Commission's tripartite structure appearing less apt to pollution issues than it is to employee safety.

Assessment

23. Arguments relevant to a decision on locating the new Pollution Inspectorate are reviewed in Chapter 7 of the Scrutiny report; in summary the main arguments in favour of a DOE location are:

(i) DOE/WO Ministers are responsible for the areas covered by these inspectorates and they wish to discharge this responsibility via inspectors under direct DOE command (This was a principle which underlay the Prime Minister's decision in November 1982 to locate the new Hazardous Waste Inspectorate in DOE, rather than in HSE, as the Gregson Committee had recommended);

(ii) the Royal Commission on Environmental Pollution, IAPI staff themselves, the CBI and the Chemical Industries Association all argue that IAPI should be transferred from HSE to DOE;

(iii) presentationally it could look odd to have a Pollution Inspectorate outside the Department titled "Environment". And if the Pollution Inspectorate were located in HSE, there is a possibility that Welsh Office Ministers might wish to propose splitting off its Welsh functions and creating a separate Welsh Inspectorate along the lines of HMIPI in Scotland.

24. The main arguments in favour of HSE are:

(i) HSE has particular expertise and experience in managing inspectorates, and its breadth avoids the personnel difficulties which can arise in small inspectorates;

(ii) the Robens report recommended the creation of HSE (and the transfer of IAPI to it) so that there should be a single body capable of taking an overview of all the consequences arising from industrial activity and managing the safety, health and environmental standards applied. This principle would be maintained by locating a new Pollution Inspectorate in HSE, which could then manage the safety/pollution interface (e.g. installing an electrostatic precipitator reduces dust emissions but increases risks to workers);

(iii) if one accepts the argument that inspectors, while available to provide advice,should in career terms be independent of policy Ministers and Departments, HSE is a means of providing such independence.In particular an HSE location would avoid the potential for conflict inherent in DOE's current dual responsibilities for water pollution standards and sponsorship of the water industry.

25. There are also two wider considerations. The Secretary of State for the Environment's minute of 23 September proposed the formation of a Pollution Inspectorate within DOE as contributing to a broad political objective of emphasising the Government's commitment to environmental matters. On the other hand the Secretary of State for Employment's minute of 7 October queries whether failure to observe the Robens principle might not lead to inconsistent requirements from different bodies and hence an increase in the regulatory burden on industry. The weight to be attached to each of these considerations is very much a political judgment, but in the latter case the scrutiny report (para 7.9) found that with measures in place to encourage HSE/DOE co-ordination (and both DOE and HSE have expressed willingness to devote effort to coordination), there should not be an increase in the regulatory burden. This conclusion reflects the relatively small derogation from the Robens principle which would be involved, the absence of difficulty in Scotland where the separation already exists, and the support of the CBI and Chemical Industries Association for moving IAPI from HSE to DOE.

Conclusion

26. If the new Inspectorate were to be located in DOE, DOE and HSE should be asked to implement the co-ordination measures recommended in para 7.9 of the scrutiny report. If the new Inspectorate were located in HSE, the co-ordination arrangements recommended in paragraph 7.15 of the scrutiny report should be implemented, and a direct reporting line from HSE to DOE Ministers be adopted. (If the Health and Safety Commission were included in the reporting line, the suggestion at paragraph 7.16 of appointing the Chairman of the Royal Commission on Environmental Pollution to the vacant seat on the Commission might defuse one source of criticism.) A decision between these two options is heavily dependent upon political judgments, but

the balance of advantage would appear to lie in locating the new Inspectorate in DOE, in a direct line of accountability to the responsible Minister.

V OVERALL ASSESSMENT

27. The above analysis argues for the creation of a combined Pollution Inspectorate including IAPI, HWI, and DOE/WO water pollution staff; including also the whole of the RCI, with better administrative measures to co-ordinate RCI and NII activity; and the location of this new Inspectorate in DOE, with measures to ensure the necessary coordination between DOE and HSE.

Benefits

28. The benefits of this would be

- the political benefit forseen by the Secretaries of State for the Environment and for Wales in underlining th Government's interest in environmental matters;

- the operational advantages identified in chapter 5 of the Scrutiny report;

- the likelihood of a general welcome from the initiative outside Government (the main exceptions being the CEGB and BNFL, the HSC and HSE).

Administrative Costs and Implications

29. The administrative costs of this and the other options discussed above are considered in the Annex. In general the effort required for implementation differs relatively little depending on which option is selected, so does not suggest a need to reconsider the preferred option identified in paragraph 27.

That option would involve transferring IAPI's 52 staff plus sampling and clerical support provided to local inspectors from HSE to DOE (but their physical location would not be changed), and could be implemented initially by action under the Health and Safety at Work etc Act 1974, without fresh primary legislation. DOE would then become responsible for action on the scrutiny recommendation that IAPI put its sampling and analysis requirement to competitive tender.

30. Primary legislation would provide a better long-term basis when an opportunity arose: while the transfer could be imposed under the 1974 Act against HSC's wishes, this would be a cumbersome and protracted process, and it would be preferable if possible to proceed with HSC's cooperation. That might involve retaining some residual HSC role, and there could anyway be an apparent awkwardness if in the longer term air pollution remained a primary purpose of the 1974 Act but its enforcement was entirely removed from the HSC and HSE. The opportunity to legislate in this area could arise in the "Green Bill" sought by the Secretary of State for the Environment.

31. When a decision has been taken on the appropriate organisation it will be necessary to inform the staff, and consult with the unions (mainly IPCS) on that. To the extent that staff with different pay rates are brought together we may expect difficult negotiations with strong pressures for levelling up. These would have to be resisted, as indeed they are at present, unless increases prove to be justified on grounds of recruitment retention and motivation.

32. Subject to the essentially political judgment as to the Government's desired stance on environmental and nuclear issues, the benefits of a new Pollution Inspectorate in DOE containing IAPI, HWI, water polluution and all RCI functions appear to justify the costs of change, and this option is recommended.

MG Division
Cabinet Office (MPO)

July 1986

ANNEX

ADMINISTRATIVE COSTS OF IMPLEMENTATION

Recommended Option

1. IAPI's 52 staff would need to transfer from HSE to DOE (but this would not involve any physical move, as IAPI's HQ is already colocated with DOE pollution staff). Arrangements would also have to be made for transfer of IAPI sampling support to DOE (DOE would become responsible for the scrutiny recommendation that this work be put to competitive tender) and for maintenance and subsequent transfer of clerical support for District Inspectors. No net addition to staff numbers would be required . The Scrutiny concluded that IAPI was generously resourced but that more resources could be used to good effect on hazardous waste and water inspectio. DOE have agreed that once the new Pollution Inspectorate were formed they would review the scope for savings in or additions to the resources devoted to its constituent parts. DOE/Welsh Office (WO) could be empowered to perform the HSC/HSE air pollution inspection functions by an agency agreement under section 13 of the Health and Safety at Work Act 1974 (the HSW Act) - a number of agency agreements already exist, including one empowering HMIPI to perform air pollution functions in Scotland.

2. The above assumes that HSC and HSE would participate in the implementation of the option as willing partners. This cannot be guaranteed: while HSE staff are civil servants, both HSC and HSC are non-departmental bodies with their own statutory existence and functions. If HSC/HSE were not prepared to co-operate in transferring IAPI to DOE/WO, it appears that this could still be achieved without primary legislation, but would be time consuming and not entirely free from the risk of legal challenge: the procedure would be

(i) Secretary of State to make regulations under section 15(3)(c) of the HSW Act 1974 appointing DOE as the enforcing authority for the relevant provisions, having first consulted HSC (IAPI inspectors appointed by HSE would then cease to be able to exercise their powers);

(ii) Secretary of State to direct HSC (under section 12(b) of the HSW Act 1974) to direct HSE (under section 11(4) of the 1974 Act) to dismiss the IAPI staff;

(iii) DOE to exercise its powers as an enforcing authority to appoint the IAPI staff to posts in DOE (those appointed as inspectors would then again be able to exercise enforcement powers). (Sections 18(7) and 19(1) of the 1974 Act.)

4. There seems [a good chance - Departments to comment] that recognising the Government's ability to impose the transfer of IAPI by this means, HSC and HSE could be persuaded not to insist on this formal procedure but to enter into an agreement under section 13 of the 1974 Act. Nonetheless securing an agreement would doubtless require negotiation and the outcome might not be entirely clear cut. Because of this, and the awkwardness of a situation where the control of noxious or offensive emissions remained one of the basic purposes of the 1974 Act but the HSC and HSC no longer had any role in it, new primary legislation seems likely to be the better longer-term solution: while IAPI could be moved to DOE without primary legislation, and this might bring forward the timescale in which a new Pollution Inspectorate could be created in DOE, some awkwardness would remain which could be removed only by new legislation.

Other Options

5. Implementation of the other options for change discussed would require the following:

(i) transfer of RCI nuclear work to join NII under common HSE Management. Some 11-12 RCI staff would be transferred to HSE. DOE (and MAFF, if as the scrutiny envisaged HSC were to take on MAFF nuclear inspection functions too) and HSC would enter into an agency agreement under Section 13(1)(b) of the 1974 Act whereby the function of appointing inspectors under section 12 of the Radioactive Substances Act 1960, would become exercisable by HSC, who would then direct HSE under section 11(4)(a) of the 1974 Act to exercise these powers on the Commission's behalf.

If desired HSE, rather than DOE and MAFF, and WO in Wales, could also be made responsible for authorising radioactive discharges from nuclear sites, under sections 6 and 8 of the Radioactive Substances Act 1960. This would parallel the position on nuclear safety, where the HSE grants the site licence; and Mr Baker then Secretary of State for the Environment commented that it would be difficult for him to retain responsibility for granting authorisation if the RCI were moved into HSE. However while authorisation functions could in principle be the subject of an agency agreement under section 13(1)(b) of the 1974 Act in the same way as the power to appoint inspectors, such a move could well be challenged as removing the present safeguard in section 8 of the 1960 Act whereby two Ministers are required to authorise. Primary legislation might therefore be required, and this would be likely to be controversial.

(ii) transper of all RCI work to join NII under common HSE management as above but all 35 RCI staff would be transferred.

(iii) location of Pollution Inspectorate in HSE Some 46 RCI, HWI and water pollution staff would transfer to HSE. DOE, WO and HSC would enter into an agreement under section 13 of the 1974 Act empowering HSC to perform RCI and water functions (the HWI is non-statutory).

Since these options would be welcome to HSC/HSE there would not be the danger of their refusing to co-operate in implementation; on the other hand the staff transfers would be likely to present greater difficulty, for example because the DOE TUS argues for RCI, HWI and water staff to remain in DOE and so would probably oppose a transfer to HSE. A decision that they should remain in HSE might also give rise to morale problems in IAPI, whose staff wants to see the inspectorate located in DOE.

ENV. AFFAIRS

ACID RAIN

PT 4

CC BG
B/UP

P 02170

CONFIDENTIAL

MR NORGROVE

European Community draft directive on Large Combustion Plants
(E(A)(86)37)

I attach a brief for the Prime Minister for the discussion of E(A)(86)37 on ~~17~~ 24 July. This has been agreed with the European Secretariat.

J B UNWIN

11 July 1986
Cabinet Office

Qz.05189

European Community draft directive on large combustion plants

(E(A)(86) 37)

Brief for the Prime Minister

CONCLUSIONS

1. You will wish the Sub-Committee to decide how we should handle discussion of the draft directive on emissions from large combustion plants during the United Kingdom's Presidency of the European Community. The Presidency does give us an opportunity to get some credit for what we are doing to reduce pollution and to shift the debate in our favour. You may be able to conclude:

i. we should discuss with other member states who see difficulty in the current proposals whether there is scope for a Presidency package acceptable to the United Kingdom. This would aim to secure, if not agreement during our Presidency, at least a shift in our favour of the terms of the subsequent debate on the proposal;

ii. such discusions should be wholly without prejudice to the Government's eventual decision on the acceptability of specific measures on emissions from large plants; and the Secretary of State for the Environment should be invited to bring the subject to the Sub-Committee again in good time for decision if such a package seemed likely to emerge;

iii. the objectives should be action which would not go beyond our own practice both on new plants and on NOx emissions and a nil or minimum cost on SO2 emissions from old plants (clearly the Commission's proposal and the present Dutch compromise do not meet this criterion);

iv. officials should carry out further work to clarify the possible cost, if any, in achieving reductions in emissions on the scale under discussion.

BACKGROUND

2. When E(A) considered acid rain in July 1985 (E(A)(85) 12th Meeting Minutes) it was in the context of a proposal that the United Kingdom should join the 30 per cent Club (of countries pledged to achieve a 30 per cent reduction in total sulphur emissions by 1993 against a 1980 baseline). The Sub-Committee had decided that we should emphasise our aim to reduce SO2 emissions by 30 per cent by the end of the 1990s but concluded that we should not take any further commitment, not least because the choice of baseline date gave us no credit for the substantial improvements achieved in the 1970s. The 30 per cent Club is not the subject of the present discussion but, if in the end there were an agreement acceptable to us within the Community, we might argue that this was as good as the 30 per cent Club, thus spiking some of the current criticism of Britain in Scandinavian countries.

3. The draft directive that has been under discussion in the Community for over two years would place a uniform requirement on member states to reduce the national total of emissions from plants (mainly power stations) of over 50 megawatt (MW) output by 60 per cent for sulphur dioxide (SO2), 40 per cent for nitrogen oxides (NOx) and 40 per cent for dust by 1995 over 1980 levels. This would require the costly retrofitting of many plants in the United Kingdom with equipment to control emissions. It is out of the question. We have opposed these proposals throughout as imposing a cost out of proportion to the potential benefit. In consequence, these proposals are blocked.

4. Faced with this blockage the Dutch Presidency abandoned a uniform approach and proposed an alternative approach which is more favourable to us, although the figures themselves are not acceptable -

i. emission limits for new plants should be based on the assumption that they would be fitted with the "best available technology not entailing excessive costs";

ii. by 1995 the Community should achieve a 45 per cent reduction (against 1980 levels) of SO2 emissions from large plants. Differential figures for different countries would leave the United Kingdom with a target of 40 per cent. The Community target for 2005 would be 60 per cent, with individual countries' figures as yet unspecified;

iii. a similar two-stage approach to reductions of NOx emissions, with a Community target of 40 per cent by 2005.

This package was put to the Environment Council in June. It was accepted as a basis for discussion by all member states except that the United Kingdom maintained its general reserve both for negotiating reasons and because, as paragraph 7 of the Annex to E(A)(86) 37 shows, a 40 per cent reduction in SO2 emissions by 1995 (by comparison with 1980) would be unacceptably costly. The new approach is, however, an advance on the inflexible approach of the draft directive, which is based closely on German practice and which has up to now been strongly supported by the Germans.

5. The Secretary of State for the Environment argues that although we are unlikely to be able to reach agreement on this subject during our Presidency, we should take the opportunity our Presidency provides to try to shift the ground of the debate. This issue is important to those concerned with the environment, at home and abroad, as well as to other member states. It will not go away. The pressure to respond may well increase over the next two years if the United Kingdom is perceived as maintaining inflexible opposition to Community action to curb pollution.

6. The Secretary of State for the Environment therefore seeks authorisation to sound out the other member states known to be unhappy at the prospect of drastic controls on emissions (Spain, Portugal, Ireland, Greece and perhaps Italy) with a view to seeing whether we could construct a package acceptable to us and to these other countries, which we might put forward as the Presidency and which might therefore form the basis of discussion within the Community.

7. The three elements of such a package would be:

i. the controls to be fitted (in respect of SO2 and NOx) to new plants;

ii. overall reductions in SO2 emissions;

iii. overall reductions in NOx emissions.

In each case there is considerable scope for making play with alternative assumptions on base date, target dates, type of plant to be covered. The implications of any potential package would, however, need scrutiny by E(A) before it was presented in Brussels.

MAIN ISSUES

8. The main issues are:

i. whether we need to take any initiative;

ii. our tactics if we do;

iii. the nature of possible packages;

iv. financial implications.

Do we need to take an initiative?

9. We have been more or less isolated in the Community on this issue for some time. It would be feasible to try to stall any further discussion during our Presidency, and to continue to tough it out thereafter. On the other hand, the Secretary of State for the Environment argues that the issue will not go away and domestic and international pressure may grow. The next three Presidencies (Belgium, Denmark and Germany), running from January 1987 to June 1988, are all likely to table proposals which would cause us difficulty. Despite recent reductions in

our emissions, our present position (see Annex A) does not look very good. We can make some play with the fact that:

i. we are below the Community average for the percentage of total emissions deposited on other member states;

ii. Germany is a more significant polluter of all other countries than we are (but committed, or course, to reductions);

We cannot, however, disguise the fact that we emit the largest volume of SO2 in the Community and that we deposit a substantial volume in other countries. Against this background it seems clearly desirable to shift the terms of the debate if we can, and if there are no unacceptable risks involved.

Tactics

10. There has been a tendency to underrate the strength of our negotiating position. Our allies may not carry much weight but there are signs that the "hardline" countries, and particularly Germany, want for internal political reasons to secure agreement on a directive. They may for this reason be increasingly ready to work on a solution that is less than their aspirations.

11. The Commission is understood to be preparing its own alternative proposals. These are thought likely to represent a shift away from the Dutch package and back towards the original directive - a step in the wrong direction. There is therefore a case for seeking to construct our own Presidency proposals in order to elbow the Commission's aside and leave our successors with a legacy that is more in our own interests. If the attempt fails, we shall be no worse off than would otherwise have been the case, and we may have gained some credit for actively trying to make progress on a dossier with which we are known to have difficulty.

The nature of possible packages

12. The Sub-Committee does not have to agree on a possible package, since the Secretary of State for the Environment is only seeking authority to have discussions with similarly minded member states.

Appendix B to E(A)(86) 37, however, illustrates a number of possible variant packages for SO2 emissions, some of which could entail no cost, or very little cost, for the United Kingdom beyond what we expect to incur in any case. The variables are:

- the plants to be covered
- the base dates
- the target dates
- the size of the reduction in emissions

The emission projections assumed are those of one of the central scenarios presented by the Government to the Sizewell enquiry, although the implications of the extreme scenarios are also shown.

13. On new plants the Secretary of State for the Environment wil say that the Industrial Air Pollution Inspectorate (IAPI - formerly the Alkali Inspectorate) take the view that "best practicable means" (ie required technology) are already available to limit SO2 and NOx emissions. In the case of the former, flue gas desulphurisation (FGD) is regarded as acceptable (at a cost of up to £170 million per plant). The CEGB and the IAPI are likely to agree on a requirement to fit FGD in the one new large power station likely to come on stream between now and the end of the century. The Chancellor of the Exchequer may point out that the Secretary of State for Energy is required to approve the design of new plants and that, although by convention he accepts the advice of the IAPI on pollution control matters, it would in principle be possible for him to refuse to authorise the fitting of FGD. The Secretary of State for the Environment will say that, although this is in principle correct the fact is that additional costs will not be incurred on new plant because the fitting of FGD will occur irrespective of any directive.

14. So far as controls on NOx emissions are concerned, low-NOx burners are likely by the 1990s to have been developed on a scale suitable for large plants. Again the IAPI is likely to consider these required technology for new plants and for plants

whose boilers are being refitted. It is worth noting that other countries may find it harder than the United Kingdom to reduce NOx emissions.

15. In our view, however, the principal problem is likely to arise not on new plants or on NOx emissions but on SO2 emissions from existing plants: that will be the crux of discussions with similarly minded member states.

Financial implications

16. Once again no decision is being asked for. It would be a sensible guideline, however, to make clear that our objective even in informal discussions should be not to go beyond what is likely to be our own pollution control practice for new plants and NOx and to incur a nil or minimum cost on SO2 emissions from existing plants. The Chancellor of the Exchequer may argue that a decision to open any discussions at all may imply acceptance that we should at some stage enter into commitments. But some discussions are in any event going to take place in the Community in the period up to the Environment Council in November and we do want to move the goalposts. Provided we stand by the objectives above, we should be secure. Any decision would have to be taken separately and on its own merits when E(A) comes to consider any potential Presidency package, and the Sub-Committee will no doubt wish to make that quite clear.

HANDLING

17. You may wish to invite the Secretary of State for the Environment and Mr Waldegrave (who has also been invited) to open the discussion. The Secretary of State for Energy may wish to set this subject in the context of the United

Kingdom energy policy into the next century. The Chancellor of the Exchequer may wish to mention the potential financial implications. The Secretary of State for Trade and Industry may wish to comment on the implications for industrial consumers. The Secretary of State for Foreign and Commonwealth Affairs may wish to describe the Community implications.

Cabinet Office

11 July 1986

ANNEX A

TOTAL NATIONAL SO_2 EMISSIONS (ESTIMATES MADE IN 1983)

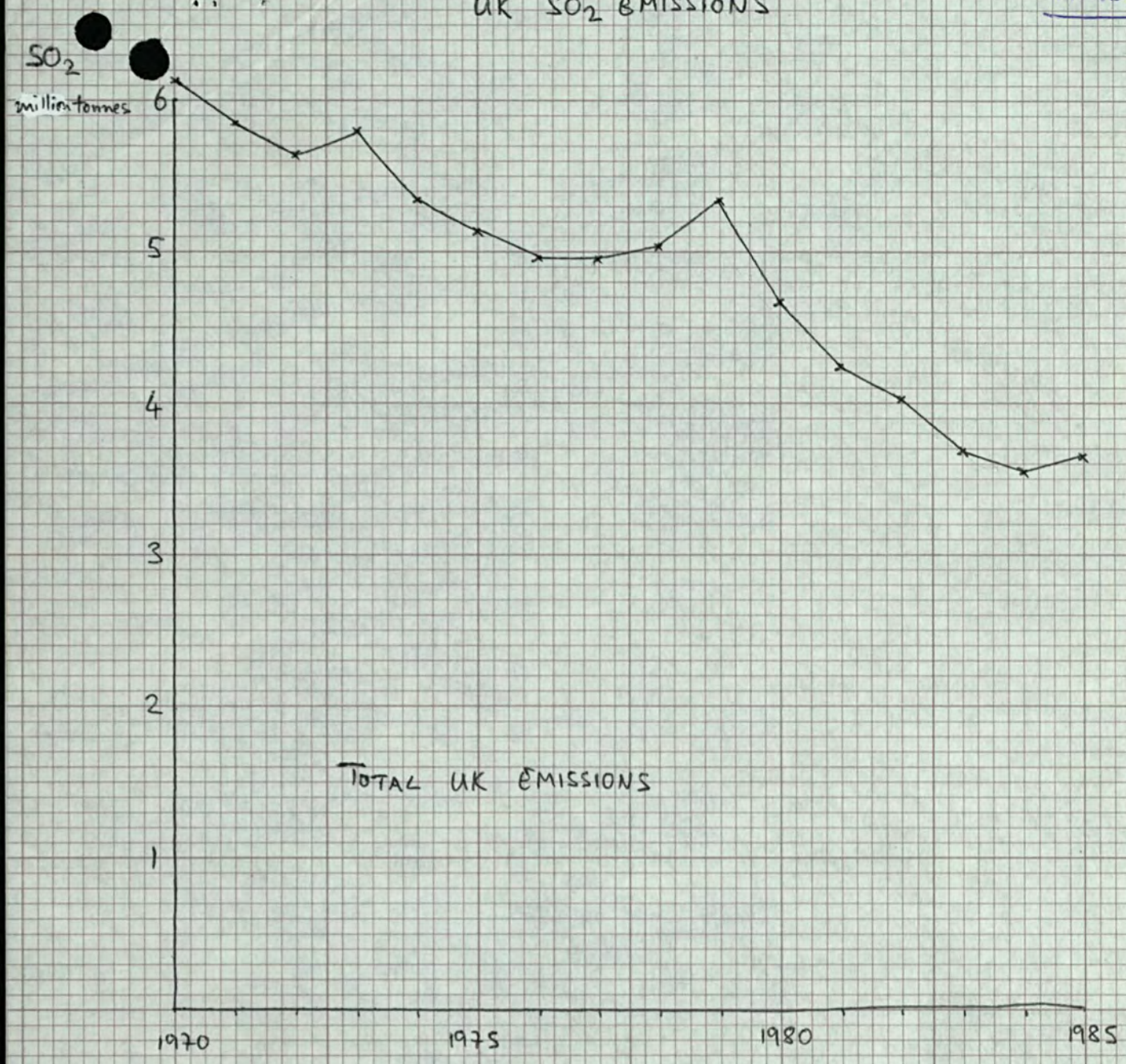
Country	Annual emissions (000 tonnes)	Percentage of Community total	Emissions deposited in other member states (000 tonnes/% of total national emissions)		Emissions deposited in other member states and third countries (000 tonnes/% of total national emissions)	
UK	5122	24	631	(12)	1424	(28)
Germany	3631	17	590	(16)	2080	(57)
Italy	4422	20	199	(5)	1402	(32)
France	3599	17	672	(19)	1358	(38)
Netherlands	480	2	113	(24)	280	(58)
Denmark	457	2	10	(2)	184	(40)
Greece	703	3	0	(0)	154	(22)
Ireland	175	1	5	(3)	36	(21)
Luxembourg	48	0	22	(49)	48	(100)
Belgium	809	4	240	(30)	400	(49)
Spain	1999	9	269	(13)	402	(20)
Portugal	168	1	22	(13)	28	(17)
TOTAL	21613					

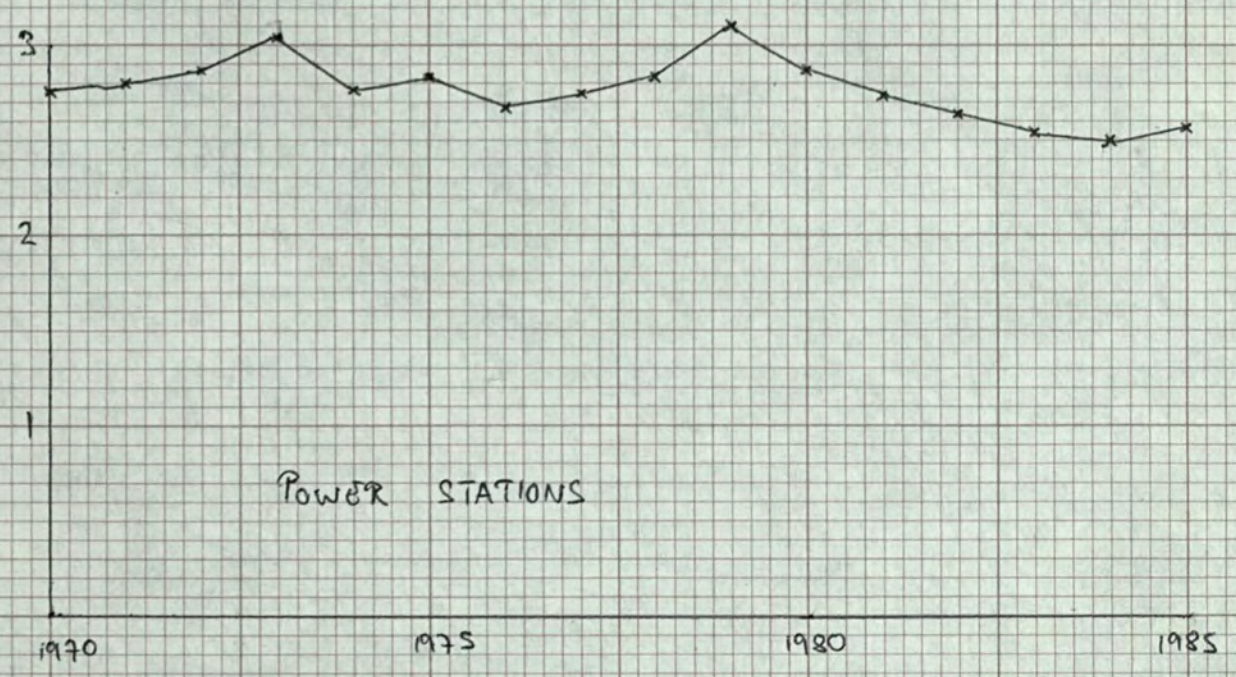
Source : European Commission

E.R.

Annex B

UK SO_2 EMISSIONS





cc Williamson (CO)
cc HB
cc B. Unwin (CO)

CENTRAL ELECTRICITY GENERATING BOARD

Sudbury House, 15 Newgate Street, London EC1A 7AU. Telephone 01-634 5111

From the Chairman
The Lord Marshall of Goring Kt, CBE, FRS

9 July, 1986

The Rt Hon Mrs Margaret Thatcher, MP
Prime Minister
10 Downing Street
LONDON
SW1

(Through The Secretary of State for Energy)

Dear Prime Minister,

I recently returned from a visit to Scandinavia, where I was the guest of the Norwegian Academy of Science and the Royal Swedish Academy of Sciences, to review the position on acid rain deposition in Scandinavia. I am writing separately to the Secretary of State for Energy about the conclusions I have come to as a result of this visit, but I thought it worthwhile to write directly to you to summarise the sense of an unexpected meeting I had with the new Prime Minister of Norway, Mrs Gro Harlem Brundtland, at her request.

My host in Norway was Professor Lars Walloe, who is a fully qualified medical doctor, but is nowadays more interested in computers and epidemiological studies. Some decades ago, he was the research supervisor to the Norwegian Prime Minister when she was doing medical research and from that time, Mr and Mrs Lars Walloe have remained close personal friends of Mrs Brundtland. It was through that personal friendship that the Prime Minister requested a half hour meeting with me, with Professor Walloe in attendance.

The Norwegian Prime Minister said that she was very much looking forward to your visit to Norway. She was proud of the fact that you both had a scientific training before entering politics and said that "we scientists must stick together and set an example to other people".

She knew about the Royal Society research project, was obviously very knowledgeable about acid rain and asked me how I saw the problem. I replied that we were unconvinced that sulphur emissions were directly affecting the health of forests in either Germany or Scandinavia, but we were concerned that we might be affecting the acidification of lakes and rivers in Scandinavia and particularly in Norway. I explained that we had found it difficult to assess the significance of this problem for two historical reasons.

First, some of the early research done in Scandinavia on this subject was of doubtful scientific validity and working at a distance, it was difficult for us to decide what arguments were valid and what arguments should be ignored.

Secondly, the Norwegian Government had abandoned research on this subject without following up the crucially important effects of the soil on the rain as it flowed through the ground to the streams and lakes and the response of that soil to reduced acid deposition.

As we saw it, therefore, we were exposed to strong political lobbying without scientific evidence to justify it. I said that the CEGB would be willing to be convinced by good scientific research but my instinct was to ignore political lobbying. The Prime Minister asked me about your own personal views on this matter. I replied that only you could give a reply to that question, but I was inclined to the view that you would be more responsive to a scientific analysis of the facts than the reiteration of a political argument. I also pointed out that there was good reason to be worried about the acidification of surface waters in South Norway. That was a problem the CEGB had already acknowledged, was researching urgently and which I was investigating on my visit to Scandinavia. It was therefore best to concentrate discussion on that issue rather than broaden it to consider hypothetical damage to forests or fanciful risks from Dounreay. This last brought forth a very sympathetic response from the Norwegian Prime Minister. She told me she had already had words with the new Minister for the Environment and explained that she, herself, did not think the Dounreay argument was either valid or helpful. At the end of this part of the discussion, the Norwegian Prime Minister said she would ask her Minister for the Environment to stop making public arguments on acid rain, forests and the Dounreay reprocessing plant. She said she would now concentrate on putting to you the scientific facts of surface water acidification in Southern Norway and let those facts speak for themselves.

(Previous to this meeting, I had explained the CEGB position to Professor Walloe and he told me that Mrs Brundtland herself had been concerned about the low quality of some of the early Norwegian research and that is why she had put him in charge of it some years ago (that was when she was Minister for the Environment). Some years later, when she was then in opposition, she opposed the Government decision to stop the research programme. She argued at the time, "How could they expect other countries to take Norwegian arguments seriously when they themselves were stopping research on the subject)?

Therefore, I was not surprised when Mrs Brundtland indicated that she understood the CEGB concerns as I had outlined them. But she went on to argue that she thought the Norwegian scientific argument was now much stronger and better established scientifically than it was some years ago, and she would rely on the British to acknowledge that scientific evidence and take appropriate action in the near future. I told her that I was unable to detect any serious difference in scientific approach between Professor Walloe and myself and that the present Joint Research Programme was a good beginning to getting a fresh understanding between our two countries on this important subject.

The Prime Minister then asked me about the Chernobyl incident and what that implied for nuclear power worldwide and in the United Kingdom. She indicated she was a strong supporter of nuclear power, although the Norwegians did not need it themselves. She was appalled at the emotional outcries and the public's fear of radiation and she looked forward to discussing nuclear power issues with you when you visit Norway.

Yours sincerely,

Walter Marshall

Marshall of Goring

SUBJECT
cc master
ops

JA
cc FCO
DOE
PN
DTI
CO

10 DOWNING STREET

THE PRIME MINISTER

3 January 1986

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T 1/86

Dear Prime Minister,

Thank you for your letter of 5 December. I, too, enjoyed our frank and friendly exchanges on 27 November.

I am grateful to you for your elaboration of the Norwegian Government's views on acid rain. As you know, scientists from our two countries and from Sweden are working closely on these matters and I am sure that this co-operation is as welcome to you as it is to me. There are still uncertainties to resolve but I do not contest many of the points you make. I would however draw a rather wider distinction than you between the role of deposited acidity, from distant as well as near sources, in causing lake acidification and the role of air pollution in damaging forests. The processes, pollutants involved, and their relationship with other factors may well be different in the two situations. I also think that the corrosion of stonework and other materials to which you refer is more likely to be due to high concentrations of pollutants from local rather than distant sources, and that a considerable amount of the damage even of recent years derives from the delayed effects of much earlier local pollution.

As I mentioned to you when we met, I expect sulphur dioxide emissions from the UK to continue to decline. We are already down 42% from our 1970 peak. In future, we expect to expand our nuclear generating capacity; to introduce new cost-effective technologies for cleaner coal combustion as

they become available; and to secure further improvements in the efficiency with which energy is used. These reductions will make a substantial contribution to the objective we share with other countries of reducing overall European pollution. I am, however, not certain that the overall downward trend will continue at the precise rate necessary to achieve the "30 per cent club protocol" target date. I am afraid that I remain unconvinced that the heavy additional costs which we would have to bear to guarantee that precise rate can be justified against the background of the substantial reduction made by the UK before the arbitrary date of 1980 chosen as the baseline for that protocol and against our expectation of further reductions on a possibly slightly longer time scale.

I agree that our two Governments should keep in touch on this matter. I am pleased that Mrs. Surlien is due to visit the United Kingdom in the spring and we welcome the opportunity this will provide for further discussion then with Mr. Waldegrave and others.

Yours sincerely

Margaret Thatcher

His Excellency Mr Kare Willoch

PJ

RESTRICTED

cc BG

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref: B/PSO/50066/85

Your ref:

30 December 1985

Dear Charles

ACID RAIN

Thank you for your letter of 9 December enclosing a copy of one to the Prime Minister from the Prime Minister of Norway about the scientific evidence on acid rain.

My Secretary of State has seen these papers and discussed them with Mr Waldegrave and the Department's Chief Scientist. He has been advised that the scientific position presented in the Norwegian correspondence is substantially correct. There are areas where the conclusions drawn by the Norwegians differ slightly from our own, but the differences are of a secondary character and do not alter the general validity of the Norwegian argument. (These differences are referred to, in passing, in the enclosed draft reply to Mr Willoch.) Where we depart from the Norwegians, and some other countries, is on the measures which are appropriate to deal with the problem.

I am copying this letter and enclosure to Colin Budd (FCO), John Mogg (DTI), Geoff Dart (DEn) and to Michael Stark (Cabinet Office).

Yours sincerely

Ala Davis

for

MISS SUE VANDERVORD
Private Secretary

Charles Powell Esq

RESTRICTED

DRAFT REPLY FROM THE PRIME MINISTER TO MR WILLOCH

Thank you for your letter of 5 December. I, too, enjoyed our frank and friendly exchanges on 27 November.

I am grateful to you for your elaboration of the Norwegian Government's views on acid rain. As you know, scientists from our two countries and from Sweden are working closely on these matters and I am sure that this co-operation is as welcome to you as it is to me. There are still uncertainties to resolve but I do not contest many of the points you make. I would however draw a rather wider distinction than you between the role of deposited acidity, from distant as well as near sources, in causing lake acidification and the role of air pollution in damaging forests. The processes, pollutants involved, and their relationship with other factors may well be different in the two situations. I also think that the corrosion of stonework and other materials to which you refer is more likely to be due to high concentrations of pollutants from local rather than distant sources, and that a considerable amount of the damage even of recent years derives from the delayed effects of much earlier local pollution.

As I mentioned to you when we met, I expect sulphur dioxide emissions from the UK to continue to decline. We are already down 42% from our 1970 peak. In future, we expect to expand our nuclear generating capacity; to introduce new cost-effective technologies for cleaner coal combustion as they become available; and to secure further improvements in the efficiency with which energy is used. These reductions will make a substantial contribution to the objective we share with other countries of reducing overall European pollution. I am, however, not certain that the overall downward trend will continue at the precise rate necessary to achieve the "30 protocol" target date. I am afraid that I remain unconvinced that the heavy additional costs which we would have to bear to guarantee that precise rate can be justified against the background of the substantial reduction made by the UK <u>before</u> the arbitrary date of 1980 chosen

as the baseline for that protocol and against our expectation of further reductions on a possibly slightly longer time scale.

I agree that our two Governments should keep in touch on this matter. I am pleased that Mrs Surlien is due to visit the United Kingdom in the spring and we welcome the opportunity this wil provide for further discussion then with Mr Waldegrave and others.

CDP

ENVI. AFFAIRS
ACID RAIN
PT 4

Copy to
Miss McCownell
Mr Turnbull
Mr. Park
DER.

Miss Mackintosh

cc PS
PS/Lady Young
PS/Mr Eggar
Mr Derek Thomas
Mr Braithwaite
Mr O'Neill
Mr Beattie (ESSD)
Mr Llewellyn Smith (Gov)
Mr Shepherd ECD(E)
Mr Wall ECD(I)
Mr Houston

10 DOWNING STREET

From the Private Secretary

27 November 1985

Dear Colin,

PRIME MINISTER'S MEETING WITH THE PRIME MINISTER OF NORWAY

The Prime Minister had a meeting in her room at the House of Commons this evening with the Norwegian Prime Minister. Mr Willoch was accompanied by Mr Udgaard, Minister in the Prime Minister's Office.

Norway Internal

The Prime Minister complimented Mr Willoch on his election success and on the healthy state of the Norwegian economy. Norway appeared to her to be a country of two house - two car - two boat - two holiday families. Mr. Willoch admitted that Norway was in good shape though perhaps not quite as good as the Prime Minister believed. There were difficulties in having a coalition government; it involved endless compromises, all of which cost money. There were also problems in the health and social security field.

CEGudd 28/11

Acid Rain

Mr Willoch said that the United Kingdom argument that there were scientific uncertainties about the effects of acid rain did not carry great conviction. There was no real reason to doubt that acidification of lakes and rivers was caused by SO^2 emissions. He regretted that the United Kingdom had not joined other European countries in agreeing to reduce emissions by 30 per cent by 1993. Although Norway's forests had not yet been touched there was a lot of concern in Norway about the dangers. There was no doubt that the United Kingdom was an important source of pollution. He felt bound to press the Prime Minister strongly to join other countries in pledging to reduce emissions. The question threatened to affect our bilateral relations.

The Prime Minister quoted figures for our performance in reducing emissions so far and questioned whether emissions were proven to be the cause of the problems in Norway. She put a number of technical questions to Mr. Willoch. The Prime Minister continued that we were aiming to reduce both SO^2 and NO^x emissions by 30 per cent by the late 1990s. But we did not believe in subscribing to

formal commitments unless we knew that we could definitely meet them. In practice our performance would probably be better than that of many countries which had made commitments.

It was agreed that Mr Willoch would let the Prime Minister have material on the technical points which she raised. Mr Udgaard mentioned the recent CEGB film which had caused great offence in Norway by seeming to dismiss the problem. The Prime Minister said that she had not seen it but would obtain a copy.

East/West Relations

The Prime Minister gave Mr Willoch her assessment of the recent US Soviet Summit. There were now prospects for progress in the INF negotiations and possibly also in the negotiations on chemical weapons and MBFR. The risk was that public expectations had been created which might be difficult to fulfil. Mr Willoch said that it remained to be seen whether Mr Gorbachev would continue to refuse to make progress on the reduction of nuclear weapons unless the United States compiled the Strategic Defence Initiative. There was a tendency in Norway to criticise the Strategic Defence Initiative as the main obstacle to progress.

Participation in SDI Research

Mr Willoch asked whether the United Kingdom would be taking part in SDI research. The Prime Minister confirmed that we would and that the Federal Republic was also intending to do so. Mr Willoch said that Norway was favourable to Eureka and would co-operate in it. The Prime Minister referred to the importance of ensuring that Eureka's activities were market-oriented.

EFTA

Mr Willoch said that Norway wanted to avoid the creation of a new tariff wall between Spain and Portugal and EFTA. The Community's demands on EFTA in the context of Spain and Portugal's accession were not reasonable. The Prime Minister said that the United Kingdom had some sympathy with EFTA's case.

European Ccommunity

The Prime Minister gave an account of recent developments in the European Community and the prospects for the Luxembourg European Council. Those who sought far-reaching changes in the Treaty would not get satisfaction, though it might be possible to agree to small amendments of no great consequence. Mr Willoch recalled the importance which Norway attached to close consultation with the Ten on political co-operation matters.

The question of a possible visit by the Prime Minister to Norway was not raised.

/I should be

I should be grateful if the Department of Energy could obtain a video of the CEGB film for the Prime Minister to review.

I am copying this letter to Rachel Lomax (H.M. Treasury), Robin Young (Department of the Environment), Geoff Dart (Department of Energy), and to David Williamson (Cabinet Office).

Yours sincerely

Charles Powell

(CHARLES POWELL)

Colin Budd, Esq.,
Foreign and Commonwealth Office

CONFIDENTIAL

CCPC

Minister of State for the Environment,
Countryside and Local Government

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3434

My Ref: W/PSO/38932/85

20 December 1985

MBPM

Dear Malcolm,

LARGE PLANTS DIRECTIVE

Thank you for your letter of 29 November. You will also have seen a copy of Alastair Goodlad's letter to me of 26 November.

As you will know, it became clear at the Council meeting that we can no longer rely on Italian support. The Italians were prepared to accept the principle of a commitment to reductions in large plant emissions by a specified percentage and although they made clear their difficulties in relation to the proposed emission limits for new plant, they did not exclude the possibility of finding a compromise. This left the way open for the Commission and Presidency jointly to prepare a draft statement of principles broadly acceptable to all countries except the UK. The Presidency in the end abandoned any attempt to take this any further, but I am sure that we have not seen the last of it.

Our tactics over the next six to twelve months will, as you say, need to take into account the fact that Spain may be an important, and perhaps our only, ally.

Copies of this letter go to Alastair Goodlad, John MacGregor, Peter Morrison, Lynda Chalker, Sir Robert Armstrong, and Mark Addison at No. 10.

Yours ever,

WILLIAM WALDEGRAVE

Malcolm Rifkind Esq MP

CONFIDENTIAL

ENVI. AFFAIRS
ACID RAIN
PT 4.

DM

cc PS

Department of Employment
Caxton House Tothill Street London SW1H 9NF
Telephone Direct Line 01-213 5949
Switchboard 01-213 3000

Mrs Lynda Chalker MP
Minister of State
Department of Transport
2 Marsham Street
LONDON SW1

20 December 1985

Dear Lynda,

MOTOR CYCLE EXHAUSTS

I have seen the recent correspondence about the possibility of a Private Members Bill to regulate the manufacture of replacement motor cycle exhaust silencers.

I accept that there are good environmental reasons for regulation of silencers and that this additional measure is desirable. It would be helpful, however, if in due course the interests of the specialist and small manufacturers and suppliers of this equipment were carefully consulted to ensure that the method of regulation does not work against their interests. Perhaps you would let me know which organisations and firms you normally consult on these vehicle regulation matters: presumably you go beyond the CBI, SMMT, and the other representatives of the big battalions.

I am copying this letter to other members of H Committee and to William Waldegrave, Sir George Engle and Sir Robert Armstrong.

Yours ever,

KENNETH CLARKE

014/106

CONFIDENTIAL

Treasury Chambers, Parliament Street, SW1P 3AG

The Hon William Waldegrave MP
Minister of State for the Environment
Countryside and Local Government
Department of the Environment
2 Marsham Street
London
SW1P 3EB

17th December 1985

Dear William,

LARGE PLANTS DIRECTIVE

Unfortunately my office did not receive a copy of your letter of 13 November about the strategy for the Environment Council on 28 November.

I agree with Alastair Goodlad that we must continue to resist the proposed Directive. Its cost to electricity consumers and to industry in general could be considerable. It would be foolish indeed to embark upon an expensive series of adaptations to power stations without a clear idea of their potential benefits. We must therefore continue to emphasise the scientific uncertainties and insist upon a clearer analysis of the costs and benefits before taking any major decision.

I understand your concern to avoid our position appearing unreasonable. I should therefore be willing to consider ideas which might improve our negotiating position without incurring significant cost. But for the moment I see considerable benefit in stalling while a proper scientific analysis is constructed and evaluated. That should avoid our needing to make any concessions during the UK presidency - or, I hope, later.

Copies of this letter go to David Young, Alastair Goodlad, Malcolm Rifkind, Peter Morrison, Lynda Chalker, Sir Robert Armstrong and Mark Addison at No. 10.

Yours ever,

JOHN MacGREGOR

CONFIDENTIAL

ENV. AFFAIRS Pt 4

ACID RAIN

PRIME MINISTER

POLLUTION

In September Kenneth Baker proposed a new Pollution Inspectorate which would take in the Air Pollution Inspectorate from the Health and Safety Executive (Department of Employment). Lord Young had doubts about this, and you may recall that Lord Marshall thought the transfer of work should be in the other direction. You said you saw no need for change at this stage, but agreed that Sir Robert Armstrong should examine the issues.

You might like to know that Sir Robin Ibbs will shortly be asked to undertake a scrutiny to examine the present working arrangements. This would provide a basis for a review of where responsibility for the Inspectorate should lie. The timetable planned is that the scrutiny team would report by the end of February, the decision on responsibilities should be taken by the end of April, and action plans drawn up by the end of June. Implementation of any new arrangements would take place by November 1987.

Duty Clerk

pp (MARK ADDISON)

11 December 1985

cc BG

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/3209 10 December 1985

NBPM

Dear Peter,

A New Pollution Inspectorate

Thank you for your letter of 19 November and 4 December. --- I attach a final version of the specification for this two-stage review exercise, prepared in the light of comments on my letter of 11 November.

I suggest that on the basis of this specification your Secretary of State, having cleared a draft with the Secretary of State for Employment, might now write to Robin Ibbs to commission the scrutiny stage. I understand that the Efficiency Unit propose that this scrutiny would then be announced in an arranged PQ which would give details of the scrutiny programme as a whole. This first stage (the scrutiny itself) is not primarily concerned to appraise the proposal for a new Pollution Inspectorate, but rather by examining the present working arrangements and relationships to provide a starting point for that appraisal (the second, machinery of government, stage). Departments will no doubt advance at that second stage whatever considerations they think relevant on the proposal to set up an Inspectorate.

I am sending copies of this letter to Michael Quinlan; also to Robin Butler, Brian Hayes, Kerr Fraser, Richard Lloyd-Jones, Peter Gregson, Michael Franklin, Robin Ibbs, Robin Nicholson and Tim Flesher at No 10.

Yours ever

Robert

Sir Peter Harrop KCB

SPECIFICATION

AIM

1. To review the system of pollution and hazardous waste control and inspection within central Government, with particular reference to the proposal that HM Industrial Air Pollution Inspectorate be transferred from the Health and Safety Executive to form part of a new Pollution Inspectorate to be established within the Department of the Environment. The review should take account of the impact of regulatory activity on industry, and assess the effectiveness of options for the future organisation of work.

TERMS OF REFERENCE

First Stage

2. The review should begin with an organisation scrutiny of:

- HM Industrial Air Pollution Inspectorate
- the other parts of HSE's Technology and Air Pollution Division, including the Major Hazards Assessment Unit (insofar as related to other bodies mentioned in the terms of reference)
- HM Factory Inspectorate (insofar as related to other bodies mentioned in the terms of reference)
- the Radiochemical Inspectorate
- the Hazardous Waste Inspectorate
- DOE scientists and engineers engaged on water pollution
- HM Nuclear Installations Inspectorate
- HSE's Research and Laboratory Services Division (insofar as related to the above bodies).

The primary purpose will be to identify the present working arrangements of these bodies, including extent of co-ordination as to the impact of their work on industry, and identify links with other parts of Government and with local authorities. The scrutiny should also identify the working arrangements of HM Industrial Pollution Inspectorate for Scotland and the impact of these on industry. It should draw conclusions on the economy and efficiency of existing arrangements, and their effectiveness in securing Ministerial objectives for pollution control and deregulation, and how they might be improved to give better value for money.

Second Stage

3. The review should analyse the options for changing present Ministerial responsibilities for inspectorates and all arguments for or against such change, including, but not confined to, arguments arising from the scrutiny or concerning the need to maintain present standards of expertise.

ACTION MANAGERS

4. For a decision on machinery of government aspects: Mr R A C Hewes.

5. Following a machinery of government decision, for producing action plans for implementation: Sir Michael Quinlan and Sir Peter Harrop.

EXAMINING OFFICER

6. G P Dyche, Cabinet Office; with team of 1 full-time member from each of DOE and HSE plus 1 part-time member from the Efficiency Unit.

TIMETABLE

7. Scrutiny: start date - 9 December 1985

study plan - 20 December 1985

synopsis - 7 February 1986

report - 28 February 1986

Machinery of Government decision on 30 April 1986

Action plans by 30 June 1986

Implementation by November 1987.

ENV AFFAIRS: Acid Rain: Pt 4

RESTRICTED

Enc sent to D/Env with request to return with draft. JA

43

cc FCO DTI Cab. Office

10 DOWNING STREET

From the Private Secretary

9 December 1985

ACID RAIN

I enclose a copy of a letter to the Prime Minister from the Norwegian Prime Minister, following up their conversation on 27 November about acid rain, and submitting a summary of the scientific evidence for the proposition that emission from United Kingdom plants (among others) are responsible for water acidification in Norwegian lakes and threaten damage to Norwegian forests.

I should be grateful for a draft reply covering both the scientific and the political arguments in support of our position.

I am copying this letter and enclosure to Colin Budd (Foreign and Commonwealth Office), John Mogg (Department of Trade and Industry) and Sir Robin Nicholson (Cabinet Office).

(CHARLES POWELL)

Robin Young, Esq.,
Department of the Environment.

JB

RESTRICTED

Subject.
cc OPS
master.

PRIME MINISTER'S
PERSONAL MESSAGE
SERIAL No. T225A/85

THE ROYAL NORWEGIAN GOVERNMENT

THE PRIME MINISTER

5 December 1985

Prime Minister Margaret Thatcher
10 Downing Street
London

Dear Mrs. Prime Minister,

I much enjoyed our wide-ranging conversation in your office in the House of Commons last week, and I am very grateful that you were able to find the time to meet despite an important parliamentary debate. I would like to remind you that during our conversation on 27 November, you requested material documenting the experimental scientific evidence of "what the problem is" as regards acid rain, in particular as it affects the relationship between the UK and Norway. I promised to forward such material directly to you, and I am now happy to do so. The enclosed overview gives a summary of the present state of knowledge in this respect, and I know that your background in science will make the material all the more pertinent to you personally.

I would like to outline briefly what the Norwegian Government believes to be the most salient points:

* There is international consensus in the scientific community that emissions of air pollutants such as sulphur and nitrogen oxides are causing widespread acidification of precipitation over large areas of Europe and North America.

* The OECD Long Range Transport Project (1972-77), and the current ECE programme (EMEP) have established beyond doubt that emitted air pollutants such as sulphur are transported over large distances (thousands of kilometers) in the atmosphere. In this context source-receptor relationships have been established showing the deposition of sulphur in each European country due to emissions in any other country.

* Between 1978 and 1982 the average annual deposition of sulphur in Norway due to UK sources was 48,000 tonnes. The deposition due to UK sources represented about 15% of the total annual average deposition, which was 310,000 tonnes. In the south of Norway the average annual deposition due to UK sources over the same period was much higher, up to 30%. The figures have not changed substantially since this 4-year period. Comparisons with contributions from sources in other countries show that the UK is the greatest single contributor to the deposition in Norway.

* Acidification of water has led to dramatic reductions and loss of fish populations in southern Norway, southern Sweden, Scotland, eastern Canada and the northeastern US. Today, lakes in more than 13,000 km^2 of south Norway are practically devoid of fish, and in an additional area of 20,000 km^2 the fish stocks have been considerably reduced. There is no doubt that the fish loss is caused by acid, aluminium-rich water. There is little solid evidence of water acidification due to other factors than acid deposition, e.g. land use changes.

* Changes in soil acidity are also causing concern. One study in Rondane (a mountainous area in Norway) over a 40-year period showed changes of between 0.3 and 0.8 pH units in the different soil layers, e.g. from pH 5.1 to 4.5.

* The recent and comprehensive forest damage in Central Europe is well-documented. In 1984, 50% of forest stands in the Federal Republic of Germany were reported to be damaged. Although the evidence is not yet conclusive, most scientists agree that air pollution is, at the least, a significant contributory factor. Although no damage is yet evident in Norway, we are deeply alarmed about the threat posed to our own forests by the cumulative effects of extensive transboundary air pollution.

* Damage to materials (corrosion) due to air pollution is extremely widespread and equally well-documented.

* It has been questioned whether a reduction in emissions will result in a corresponding decrease in deposition. The environmental benefit of such reductions has also been doubted. An increasing number of theoretical calculations and actual observations both in the UK and other countries indicate strongly, however, that, for example, a 30% reduction in emissions will result in a proportionate reduction in deposition, even if not exactly by 30% in all areas. Furthermore, comparable calculations and observations show that reduced emissions will improve conditions in acidified streams and lakes. The best example of this is provided by studies around Sudbury, Ontario, but similar studies have also been carried out in Sweden and the UK.

For further details, I refer you to the enclosed overview and the reports listed therein.

Allow me once more to urge you to make an extra effort to control this pollution which harms the environment for present and future generations. I shall be happy to remain in contact with you on this very important question.

With best personal wishes
Yours sincerely,

Kari Willoch

10, Downing Street,
Whitehall S.W.1

PLEASE RETURN THIS DOCUMENT WITH DRAFT.

With the Private Secretary's Compliments

The Acid Rain Problem:

An Overview

Ministry of Environment

Oslo, December 1985

MINISTRY OF ENVIRONMENT, Oslo December 1985

The Acid Rain Problem: An Overview

Introduction

Only a few decades ago, air pollution was largely considered a local problem which could be solved by tall stacks in order to reduce ground level concentrations. Towards the end of the 1960s, however, this situation was disturbed by the observation that serious acidification of the precipitation was taking place over large areas of Europe, including areas far away from the major industrial areas. Since then, long range transport of air pollutants and the ecological effects of acid rain have been studied in a number of national and international research programmes. Although there are still gaps in our knowledge, substantial information is now available on emissions of air pollutants, transport and transformation processes in the atmosphere, the deposition rates on the earth's surface and on the ecological impact.

The major air pollutants causing acidification are sulphur and nitrogen oxides. Other important pollutants of concern on a regional scale are ozone and various toxic substances (heavy metals and organic micropollutants).

The main source of sulphur and nitrogen oxides is the combustion of fossil fuels (oil and coal) for heat and electricity production, and transportation vehicles.

Precipitation chemistry data series indicate that the sulphur in precipitation increased in many parts of Europe from the late 1950s to the late 1960s. Since then, the sulphur content has leveled off and even decreased somewhat, at least in Scandinavia. The content of nitrate in precipitation showed an even more marked increase up to the early 1970s. Since then little further increase is in evidence.

Large scale formation and transport of ozone and other photochemical oxidants have not been studied to the same extent as acid deposition. Available information, however, shows that ground level ozone is an environmental problem of international dimensions. As an example, in southern Scandinavia ozone concentrations above accepted air quality standards, and of the same magnitude as in Central Europe, are being occasionally recorded during episodes of long range origin.

The concern about ground level ozone as an air pollutant is significant in connection with acidification for several reasons; because ozone and other photo-oxidants are produced from hydrocarbons and nitrogen oxides emissions, contributing also to acid precipitation, and because ozone may increase the oxidation rate of sulphur and nitrogen oxides to sulphuric and nitric acids. Moreover, ozone together with sulphur dioxide and acid precipitation probably play an important role in the recent forest damage in Europe.

Mathematical models have been widely used to quantify the long range transport of sulphur compounds in Europe. In this way, "source-receptor" relationships are worked out, for example, within the UN ECE "Co-operative programme for monitoring and evaluation of long range transmission of air pollutants in Europe", estimating the deposition of sulphur in each European country due to emissions in any other country.

Emissions in the UK have been considerably reduced in recent years, but the UK annual emissions are still at a very high level (1984: 1.77 million tonnes of sulphur). Over a four year period starting in October 1978 it has been estimated that the average annual deposition in Norway due to UK sources was 48,000 tonnes of sulphur. The total annual deposition of sulphur in Norway during this same period was 310,000 tonnes, which means that the UK contribution was approximately 15 % (for the whole of Norway; up to 30 % in the South). Comparison with contributions from sources in other countries show in addition that the UK is the greatest single contributor to the deposition in the most affected areas in Norway. The figures have not changed substantially since the period cited.

It has been questioned whether a reduction in emissions will give an equally large decrease in deposition. This is often referred to as the non-linearity (or better non-proportionality) problem. Of course, if the sulphur emissions are reduced everywhere in Europe by say 30 %, the deposition will not decrease by exactly this percentage in all areas. However, both theoretical calculations and observations indicate strongly that deviations from proportionality will not be of great practical significance except perhaps close to the emission sources. This seems also to be the opinion of most atmospheric scientists in the UK.

Acidification of soil and water

The effects on soil and water depend not only on the deposited amounts of acidity, ammonium, sulphate, nitrate and other compounds, but also on characteristics of the area, in particular bedrock geology and the nature of the overburden. The most well-known areas susceptible to water acidification are those with shallow overburden and quartz-bearing bedrock, e.g. granite and gneisses. Such conditions are found in large parts of Scandinavia and Canada where recent acidification has clearly occurred. Smaller regions, apparently hit by the same problem, are found in many European countries (e.g. Scotland) and in the USA (e.g. Adirondack Mountains, NY.).

Three mechanisms are possible for the acidification of surface waters by acid precipitation, viz.

- direct input to the water surface
- increase in concentrations of mobile anions (e.g. sulphate and nitrate)
- acidification of the soil, which in turn leads to water acidification

In general, the three mechanisms work in combination. The second mechanism seems to be of greatest importance in many areas. Anions (particularly sulphate, but also nitrate and chloride) play an important role as vehicles for transport of cations. Since charge balance must be maintained as the ions pass through the system, the mobile anions must be accompanied by cations in equivalent amounts. In acid soils a significant fraction of the anions is balanced by hydronium (H^+) ions and aluminium (Al) species. High atmospheric deposition of sulphate (and nitrate) will therefore lead to water acidification and high Al concentrations.

Soil acidification may result from other factors than acid deposition alone, e.g. afforestation. It seems likely that the main effect of afforestation is an increased deposition due to a more effective "filtering" of air pollutants. Otherwise there is little solid evidence for water acidification due to land use changes.

Evidence for recent acidification

It is not easy to quantify the recent acidification in various areas. Comparison of old and recent measurements is hampered by uncertainties in older data, and often by insufficient detail in the description of methods used. Nevertheless, surface water acidification can in some cases be demonstrated by direct comparison of pH values. Loss of acid neutralizing capacity has been observed in groundwater in some areas.

Acidification of surface water has also been demonstrated by studying lake sediment cores, in particular the species of diatoms found. In areas susceptible to acidification, the frequency of acid-sensitive species has been strongly reduced in recent decades, as evidenced in many studies both in Norway, Sweden, North-east U.S.A. and the U.K. This shift in acidification rate is most dramatic compared to the slow long-term acidification caused by natural factors.

Due to the heterogeneity of soils, changes in soil acidity due to acid deposition are more difficult to quantify than those in water chemistry. Effects of deposition on soils are observed close to large point sources, such as the smelters in Sudbury (Ontario). Studies in central Europe show soil acidification in recent decades, probably partly due to acid deposition. A recent, reliable comparison with measurements from 1927 showed considerable acidification in all soil horizons at a site in southwestern Sweden. A study in Rondane (a mountainous area in central-eastern Norway) gave similar results. According to this study, changes in this area over a 40 year period have amounted to between 0.3 and 0.8 pH units in the different soil layers, e.g. from 5.1 to 4.5. Apparently there were no significant changes in the vegetation.

Biological effects

Water acidification affects the biota at all trophic levels. Not only the acidity *per se* causes damage. The increased acidity is accompanied by increased aluminium concentrations

causing additional harm. The most dramatic effect is the reduction and loss of fish populations which cannot be explained by fish disease, overfishing or local pollution. The clearest evidence for decline in fish populations or disappearance of fish species comes from southern Norway, south and west Sweden, Scotland, parts of Ontario and Nova Scotia (Canada) and the Adirondack Mountains (USA). In southern Scandinavia thousands of lakes have become barren. The decline in trout populations in lakes in southernmost Norway is known in considerable detail. Although occasional fish kills, probably caused by acidic water, have been reported since before 1900 in this area, the most dramatic and widespread decline has occurred after 1950.

Today, lakes in more than 13,000km^2 of South Norway are practically devoid of fish, and at least in an additional 20,000 km^2 the fish stocks are reduced. There is ample field and experimental evidence that the fish loss is caused by acid, aluminium-rich water.

Relationship between deposition and effects

Although it is clear that decreased deposition will improve the water quality in affected areas, the quantitative relationships are not known in detail.

Both observations and simulation models based on the best knowledge of the important processes show that reduced emissions will improve the conditions in acidified streams and lakes. There are indications of this in Sweden and in the UK. The best example is, however, provided by studies around Sudbury, Ontario. Here the emissions have decreased dramatically in recent years. Both chemical and biological studies in the area show considerable improvements.

Forest damage

Reports on increasing direct damage to forests by air pollutants accumulated during the 1970s, and the local damage around smelters or other emitting industries started to become a regional problem, particularly where fuels rich in sulphur were used on a large scale. However, as late as 1980, there was no consensus on whether the increasing air pollution really threatened forest growth and vigour over whole regions. Very soon the situation changed drastically. Widespread tree damage including dieback of trees was observed in the Federal Republic of Germany on a rapidly increasing scale in the early 1980s and soon also in many other European countries. In 1983, 34 per cent of forest stands in the Federal Republic of Germany were reported to contain damaged trees. In 1984, the corresponding figure was 50 per cent, including the lowest damage class. (If this is excluded, the percentage is 17). It is estimated that the European forest decline now encompasses more than 7 million hectars. The geographical extent coincides in general with areas having high concentrations of air pollutants.

Signs of a similar "forest decline" were also observed in red spruce in eastern North America. The damage often occurred in areas relatively far away from emitting industries. The first trees to be affected in Europe were spruce and silver fir, but soon damage was observed in other species such as Scots pine, beach and oak.

There is as yet no full agreement on the precise causes of the damage, which most probably are complex. Most hypotheses include air pollution as either the cause or a main contributing factor to the "forest decline". There are strong indications that without air pollution and its wide dispersion the recent forest damage would not have occurred in its present form and extent.

The various explanations suggested are not mutually exclusive, and include cell damage by ozone and sulphur dioxide, direct damage by acid fog droplets, and indirect damage through soil acidification. There is also a general agreement that climatic stress, in particular drought, can play a role in the development of damage symptoms.

Clearly, Norwegian forests do not suffer from acute and widespread damage like in other parts of Europe, but the conditions of forests are followed closely, particularly in view of the recent observations of ongoing soil acidification.

Damage to materials

Several air pollutants increase the decay rate of many materials used in buildings and other constructions, including historical and cultural monuments. A major part of the damage to materials is due to the concentrations of sulphur dioxide in urban areas. This has been studied in several countries and the increased corrosion rate due to sulphur dioxide can be quantified reasonably well for many materials. The effect of acid rain on materials has been less studied. It has been shown, however, that the deposition of acid compounds to exposed materials may enhance the corrosion. In addition, the acidification of soil and water may increase the corrosion rate for underground constructions.

Attention has also repeatedly been drawn to the effects of acidifying depositions on the more than 100,000 stained glass objects in Europe, many of medieval age. Documentary records show that these objects were generally in good condition up to the turn of the century; however in the last 30 years, the deterioration process has apparently accelerated to the extent that total loss is expected within a few decades if no remedial action is taken.

REFERENCES

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With the Compliments

of

Sir Peter Harrop, K.C.B.

Second Permanent Secretary

Department of the Environment

2 Marsham Street London SW1P 3EB

Telephone 01-212 8295

CCBG

Sir Peter Harrop, K.C.B.
Second Permanent Secretary

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 8295

4 December 1985

Sir Robert Armstrong GCB CVO
Management and Personnel Office
70 Whitehall
London SW1.

NBPM

Dear Robert.

A NEW POLLUTION INSPECTORATE

In his letter of 26 November Michael Quinlan suggested a redefinition of the aim of the review. I agree that it more nearly reflects the terms of reference and on that basis I accept it.

I think, however, we should be clear in our own minds that we are looking at central government's arrangements. Much pollution control and inspection is undertaken by local authorities. We have proposals on the stocks for widening the responsibilities of local authorities. I would not want the review to delve into those ideas, except insofar as they might affect the work of the government inspectorates.

I am sending copies of this letter to the recipients of yours.

Yours ever

Peter

PETER HARROP

ENV. AFFAIRS: Acid Rain: Pt 4

file

BM

10 DOWNING STREET

From the Principal Private Secretary

3 December 1985

ELEVENTH REPORT OF THE ROYAL COMMISSION

I am writing to thank you for sending my predecessor here, Robin Butler, a copy of the Royal Commission's Eleventh Report, 'Managing Waste: The Duty of Care'. This was most courteous.

(N.L. Wicks)

T.E. Radice, Esq.

Royal Commission on Environmental Pollution
Church House
Great Smith Street
London SW1P 3BL

Direct line 01-212 5600
Switchboard 01-212 3434

Your reference

Our reference RC/94/2

R Flynn
Cmte
NW
3.12

F E R Butler Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

3 December 1985

Dear Butler

ELEVENTH REPORT OF THE ROYAL COMMISSION

REPORT IN FOLDER AT BACK.

You may wish to inform the Prime Minister that the Royal Commission's Eleventh Report, 'Managing Waste : The Duty of Care', was sent to the Home Office for submission to Her Majesty the Queen last week and is due to be laid before Parliament tomorrow. Sir Richard Southwood and his colleagues will be holding a press conference this Thursday 5 December to mark publication of the Report.

... I am pleased to enclose an advance copy of the Commission's Report, which is the outcome of an 18-month study of the pollution problems associated with many different kinds of wastes.

Copies of this letter and further advance copies of the Report go to Young and Ms Jones (Environment), Taylor (Home Office), Mogg and Soane (Trade and Industry), Dart (Energy), Llewelyn (MAFF), Allan (Transport), Godber (DHSS), Daniell (Northern Ireland Office), Graham (Scottish Office), Williams (Welsh Office), Stoate (Lord Chancellor's Department), Appleyard (FCO) and Sir Robin Nicholson (Cabinet Office).

Yours sincerely

J. M. Wilkinson

p.p. T E RADICE
Secretary to the Commission

Y SWYDDFA GYMREIG
PARC CATHAYS
CAERDYDD CF1 3NQ

0222 824215

Oddi wrth yr Ysgrifennydd Parhaol

WELSH OFFICE
CATHAYS PARK
CARDIFF CF1 3NQ

0222 824215

From the Permanent Secretary

R. A. Lloyd Jones CB

CC BG

CONFIDENTIAL

2 December 1985

Sir Robert Armstrong GCB CVO
Secretary of the Cabinet and Head of the
Home Civil Service
Cabinet Office (Management & Personnel Office)
70 Whitehall
LONDON
SW1A 2AS

MBPM

Dear Robert,

A NEW POLLUTION INSPECTORATE

Thank you for sending me a copy of your letter of 11 November to Peter Harrop about reviewing the proposals for a new Pollution Inspectorate.

I agree generally with your proposals for the assessment. As you know the Inspectorates operate on an England and Wales basis and some of them act, when in Wales, for my Secretary of State, and we have our own water engineers and chemists within the Welsh Office. The scrutiny team may therefore need to have discussions with members of my staff as well as with the Inspectorates.

There is a particular problem for me in that my Ministers will wish to see advice on options for distinctive arrangements in Wales which take account of their multi-functional responsibilities, and it would be helpful if the second stage of the review could cover this aspect.

I should be grateful if we could be consulted about the progress of the review.

I am copying this letter to the recipients of yours.

Yours ever,

Richard

R A LLOYD JONES

ENVI. AFFAIRS
ACID RAIN
PT 4

CCBG

Ministry of Agriculture, Fisheries and Food
Whitehall Place
London, SW1A 2HH

Sir Michael Franklin, KCB CMG
Permanent Secretary

CONFIDENTIAL

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London
SW1A 2AS

NBPM

29th November 1985

Dear Robert

A NEW POLLUTION INSPECTORATE

FILE WITH TF

Thank you for sending me a copy of your letter of 11th November to Peter Harrop.

I am content with the approach you propose and assume that the scrutiny team would take account of this Ministry's interests in the first stage. We would also wish to be involved in the second stage analysis, which I imagine will cover the longer term objectives that may be included in any primary legislation.

I am copying this letter to those mentioned in your letter.

Yours ever
Michael

MICHAEL FRANKLIN

ENVI. AFFAIRS
ACID RAIN
PT 4

SCOTTISH OFFICE
WHITEHALL
LONDON SW1A 2AU
01-233 8229 or 7602

SIR WILLIAM FRASER KCB
PERMANENT UNDER-SECRETARY OF STATE

29 November 1985

CONFIDENTIAL

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
London SW1A 2AS

Dear Robert,

A NEW POLLUTION INSPECTORATE

Thank you for copying to me your letter of 11 November to Peter Harrop about the review of the proposals for a new Pollution Inspectorate for England and Wales.

I am content that the working arrangements of H M Industrial Pollution Inspectorate for Scotland and the impact of these on industry should form a part of the study.

I am copying this letter to Peter Harrop, Michael Quinlan, Alan Bailey at the Treasury, Brian Hayes, Richard Lloyd-Jones, Peter Gregson, Michael Franklin, Robin Ibbs, Robin Nicholson and Tim Flesher at No. 10.

Yours ever,

Kerr

ENV. AFFAIRS
ACID RAIN
PT 4

GR

Y SWYDDFA GYMREIG
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switsfwrdd)
01-233 8545 (Llinell Union)

ODDI WRTH YSGRIFENNYDD
PREIFAT YSGRIFENNYDD
GWLADOL CYMRU

WELSH OFFICE
GWYDYR HOUSE
WHITEHALL LONDON SW1A 2ER
Tel. 01-233 3000 (Switchboard)
01-233 8545 (Direct Line)

FROM THE PRIVATE SECRETARY
TO THE SECRETARY OF STATE
FOR WALES

29 November 1985

MEA

Dear Mark

Notwithstanding the absence of Agriculture Ministers from the Prime Minister's meeting with conservationists on 25 November, my Secretary of State believes that the agriculture case was fully and fairly presented. He would, of course, be happy to attend further meetings with the conservationists if any are arranged.

Yours sincerely

Colin

Mr Mark Addison
10 Downing Street
LONDON

cc BG

Foreign and Commonwealth Office

London SW1A 2AH

From The Minister of State

29 November 1985

The Hon William Waldegrave, MP
Minister of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

CDP - to see

CDP
24/11

Dear William

LARGE PLANTS DIRECTIVE

Thank you for your letter of 11 November. The negotiations on the draft Large Plants Directive are clearly going to be far from easy. I am grateful to you for drawing to our attention the difficulties we are likely to encounter over the coming year and I look forward to seeing your package of counter proposals in due course. These might well be presentationally helpful.

We shall need to consider our tactics particularly carefully in view of the UK Presidency in the latter half of next year. We shall have to chair at least one Ministerial discussion on the subject. Our tactics will, I believe, need to reflect the fact that the Commission and some member states are not going to allow the proposal to die, that we are not going to agree to it, at least not in anything like its present form, and that, as Presidency, we shall have to conduct the discussions in the Council impartially and in an effort to move towards an agreed outcome.

It follows that, given that we cannot kill off the proposal, we should try to prevent the issue coming to a head until after our Presidency. This means that we must continue to criticise the underlying principles as well as putting forward suggestions which will enable us to take credit for the substantial reductions in noxious emissions we achieved in the 1970s. One possibility would be to argue that, if any arbitary target for reduced emissions is to be set, then the start date should be the year of maximum emissions in each country.

What I am sure we must avoid is to raise the expectations of others that we might at some stage be able to accept the directive with only limited amendments. Such a course would lead

/to

to much greater recriminations at a later stage, possibly coinciding with the UK Presidency.

We must also maintain Italian support throughout the next year and should work towards this at all levels. We are already doing our best to achieve this through official contacts. Their difficulties with the draft are of the same magnitude as ours, though I share your fear about Italian steadfastness, and we should not allow them to shelter behind us. Spain will also be an important ally on this and other environmental issues after they join the Community in January 1986.

Copies of this letter go to the recipients of yours.

Yours ever,

Malcolm

Malcolm Rifkind

ENVI. AFFAIRS
ACID RAIN
PTY

CC BG

CONFIDENTIAL

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 3972
GTN 215)
(Switchboard) 01-215 7877

Sir Brian Hayes KCB
Permanent Secretary

28 November 1985

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
LONDON SW1

MBM

Dear Robert,

A NEW POLLUTION INSPECTORATE

Thank you for sending me a copy of your letter of 11 November to Peter Harrop about the draft terms of reference for a Cabinet Office assessment of DOE's proposal for a new Pollution Inspectorate.

As you will know from my Secretary of State's letter of 5 October to Mr Baker, we support this proposal. DTI takes a close interest in the industrial and commercial implications of environmental policies; I am therefore pleased that the draft terms of reference stress the need to take account of the impact the proposed Pollution Inspectorate will have on industry. The assessment will need to take full account of the broader economic factors which need to be borne in mind when environmental policy is under consideration; it may therefore help the review team if an economist is included as one of their number.

One of DOE's proposals is that the Industrial Air Pollution Inspectorate (IAPI) should be transferred from the Health and Safety Executive to DOE. The CBI have long been in favour of this move and do not consider that it would result in additional costs for industry. But they are anxious that the present level of expertise in air pollution matters shown by the Inspectorate, and its close working

ELFABR

relationship with and experience of industry, should be maintained, whatever organisational charges are finally recommended. We very much agree with this. An Inspectorate which is less technically informed would not only be less efficient in doing its job but would also in all probability lead to an escalation of costs to industry. I should like to suggest therefore that the terms of reference should refer specifically to the need to maintain present standards of expertise.

It would be helpful to us if the review team could liaise with the DTI as well as with the Departments primarily concerned. I should like to nominate as my Department's contact, Mr G Harper, GP2, Room 543, 1 Victoria Street, SW1 (215 3269).

You will also wish to involve the CBI and we shall be glad to provide you with a contact.

I am sending a copy of this letter to Michael Quinlan, Peter Harrop and other recipients of your letter.

Yours ever

Brian

BRIAN HAYES

ELFABR

Distribution:

Sir Peter Harrop KCB	DOE
Sir Michael Quinlan KCB	Dept of Employment
A M Bailey Esq CB	Treasury
Sir William Fraser GCB	Scottish Office
Richard Lloyd-Jones Esq CB	Welsh Office
Peter Gregson Esq CB	Dept of Energy
Sir Michael Franklin KCB CMG	MAFF
Sir Robin Ibbs	Efficiency Unit
Sir Robin Nicholson	Cabinet Office
Tim Flesher Esq	No 10

ENV. AFFAIRS
ACID RAIN
PT 4

CCBG

DEPARTMENT OF ENERGY
THAMES HOUSE SOUTH
MILLBANK
LONDON SW1P 4QJ

Direct Line 01-211 3390
Switchboard 01-211 3000

PARLIAMENTARY UNDER
SECRETARY OF STATE

Charles Powell

The Hon William Waldegrave MP
Minister of the Environment
Countryside and Local Government
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

26 November 1985

My dear William

LARGE COMBUSTION PLANTS DIRECTIVE

Thank you for sending me a copy of your letter of 13 November to Malcolm Rifkind warning of further conflict with the Commission and its main supporters on this issue. — with MCS

I appreciate the difficulties you will face in maintaining the UK's line in view of the intransigent positions adopted by the Commission, the French and the Germans. Nonetheless, our policy on this issue is sensible and in line with the scientific advice we have received on the nature of the problem. We should continue to press it. We should focus in particular on the major weakness in the Commission's position ie the total absence of any attempt to justify the enormous potential costs of the Directive to the Community in relation to the possible benefits.

Beyond that, there is, as you say a risk that Greece and Ireland will be bought off and that Italy might eventually decide to settle on terms unacceptable to us. However, indications are that Portugal and Spain will swell the ranks of the opposition to the proposals when they formally join the Community in January. This added support should strengthen our argument that due regard must be paid to the circumstances of individual Member States.

I welcome your intention to put forward a package of low-key counter proposals for deployment in due course. Their timing as well as their content will need careful consideration but the so far unrelenting

attitude of the Directive's supporters should not discourage us from such an initiative when you judge the moment propitious.

Copies of this letter go to Malcolm Rifkind, John Macgregor, Peter Morrison, Lynda Chalker, Sir Robert Armstrong and Mark Addison at No. 10.

Yours ever,

Alastair.

ALASTAIR GOODLAD

Env. Affairs Pt 4

ACID RAIN

GGBG

Department of Employment
Caxton House Tothill Street
London SW1H 9NF
Telephone 01-213 3000

Sir Michael Quinlan KCB
Permanent Secretary

26 November 1985

CONFIDENTIAL

Sir Robert Armstrong GCB CVO
Cabinet Office
70 Whitehall
LONDON
SW1A 2AS

NBPM

Dear Robert.

A NEW POLLUTION INSPECTORATE

You copied to me your letter to Peter Harrop of 11 November, at flap with which you enclosed a draft specification for the review you propose.

I have only two suggestions to make. First, more nearly to reflect the terms of reference, I think the aim of the review would be better expressed as -

> "To review the system of pollution and hazardous waste control and inspection with particular reference to the proposal that HM Industrial Air Pollution inspection be transferred from the Health and Safety Executive ...", etc.

Secondly, the Technology and Air Pollution Division of HSE, which provides technological support for HSE as a whole, should be added to the list of bodies which are to be subject to an organisation scrutiny.

HSE is very ready to participate fully in both stages of the review, and to provide someone for the examining officer's team.

I am sending copies of this letter to Peter Harrop, Alan Bailey, Brian Hayes, Kerr Fraser, Richard Lloyd Jones, Peter Gregson, Michael Franklin, Robin Ibbs, Robin Nicholson and Tim Flesher at No. 10.

Yours ever,

Michael

M E QUINLAN

Env. Affairs: Acid Rain Pt 4

cc BG

EFFICIENCY UNIT

70 WHITEHALL, LONDON SW1A 2AS

Enquiries : 01-233 8412
Direct line : 01-233 7359

22 November 1985

Sir Robert Armstrong, GCB, CVO
Cabinet Office

MBPM

Dear Robert,

A NEW POLLUTION INSPECTORATE

Thank you for sending me a copy of your letter dated 11th November 1985 to Peter Harrop. I am pleased that you are going to use the scrutiny technique.

I would expect the scrutiny not only to clear a lot of the ground but also to point pretty firmly to the sort of arrangements which are likely to be most effective and to yield best value. This should provide a constructive framework for the examination by your machinery of government people.

When Kenneth Baker and David Young have commissioned the scrutiny Andrew Jackson here is ready to help firm up a specification and then to go on to help Mr. Dyche with the study plan (covering the sort of issues mentioned in the second attachment to your letter) and the fieldwork.

I am sending a copy of this letter to Peter Harrop and the recipients of yours.

Yours ever,

RI

ROBIN IBBS

ENVIRON AFFAIRS: Acid Rain: Pt 4

NPI

CCPG

H M Treasury
Parliament Street London SW1P 3AG
Switchboard 01-233 3000
Direct Dialling 01-233 .....

A M Bailey CB
Second Permanent Secretary
Public Services

NBPM

Sir Robert Armstrong, GCB, CVO,
Cabinet Office,
70 Whitehall,
LONDON, SW1

20th November, 1985.

Dear Robert,

A NEW POLLUTION INSPECTORATE

I have seen a copy of your letter of 11th November to Peter Harrop.

2. I am content with your proposals for the review, subject to one point.

3. It is important that the pay implications are not overlooked in considering options for changing Ministerial responsibilities. Our concern is that a transfer should not undermine the pay rationalisation which we are now undertaking for the new unified grade structure which has been proposed for HSE's inspectorates.

4. We can explain this in more detail when the scrutiny team visit the Treasury.

5. I am content with the terms of reference as drafted, since they appear to be wide enough to encompass pay implications, provided it is understood that this aspect is covered.

6. I am copying this letter to Peter Harrop, Brian Hayes, Kerr Fraser, Richard Lloyd Jones, Peter Gregson, Michael Franklin, Robin Ibbs, Robin Nicholson and Tim Flesher.

Yours,

Alan

A. M. BAILEY

Env. Affairs: Acid Rain

PC-62

CONFIDENTIAL

cc BG

Sir Peter Harrop, K.C.B.
Second Permanent Secretary

DEPARTMENT OF THE ENVIRONMENT
2 MARSHAM STREET LONDON SW1P 3EB
01-212 8295

18 November 1985

Sir Robert Armstrong GCB CVO
Cabinet Office
Whitehall, London SW1

NBPM

Dear Sir Robert

A NEW POLLUTION INSPECTORATE

Thank you for your letter of 11 November.

Despite my reservations about the aptness of scrutiny procedures for the first stage of the work, I am generally content with the proposals in your letter. I agree that Michael Quinlan and I should prepare any necessary action plans on the review conclusions.

On the draft specification, I suggest that paragraph 3 should refer to present Ministerial responsibilities "for the inspectorates." I don't think anyone is suggesting that present Ministerial responsibilies for policy, ie functions, should be changed.

I am sending copies of this letter to Michael Quinlan and to the others mentioned in your letter.

Yours ever

W. Hills.

for PETER HARROP

ENVIR. AFFAIRS
FOLD RAND
PT 4

CeBG

covering CONFIDENTIAL

MISC

70 Whitehall, London SW1A 2AS Telephone 01-233 8319

Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/2933 14 November 1985

Dear Mr Hills.

A New Pollution Inspectorate

I should be grateful if you would substitute the attached annex for the one circulated by mistake with Sir Robert Armstrong's letter of 11 November to Sir Peter Harrop on this subject. at flag.

I am sending copies of this letter to the Private Secretaries to Sir Michael Quinlan, Mr A M Bailey, Sir Brian Hayes, Sir William Fraser, Mr R A Lloyd Jones, Mr P L Gregson, Sir Michael Franklin, Sir Robin Ibbs, Sir Robin Nicholson and Tim Flesher at No 10.

Yours sincerely

Ros Mulligan

(Rosalind Mulligan)
Assistant Private Secretary

W Hills Esq

covering CONFIDENTIAL

DRAFT SPECIFICATION

AIM

1. To review the proposal that HM Industrial Air Pollution Inspectorate be transferred from the Health and Safety Executive to form part of a new Pollution Inspectorate to be established within the Department of the Environment. The review should take account of the impact of regulatory activity on industry, and assess the effectiveness of options for the future organisation of work.

TERMS OF REFERENCE

First Stage

2. The review should commence with an organisation scrutiny of:

- HM Industrial Air Pollution Inspectorate
- the Radiochemical Inspectorate
- the Hazardous Waste Inspectorate
- DOE scientists and engineers engaged in water pollution
- HM Nuclear Installations Inspectorate
- HM Factory Inspectorate (insofar as related to the above bodies)
- HSE's Research and Laboratory Services Division (insofar as related to the above bodies).

The primary purpose will be to identify the present working arrangements of these bodies, including extent of co-ordination as to the impact of their work on industry, and identify links with other parts of Government and with local authorities. The scrutiny should also identify the working arrangements of HM Industrial Pollution Inspectorate for Scotland and the impact of these on industry. It should draw conclusions on the economy and efficiency of existing arrangements, and their effectiveness in securing

Ministerial objectives for pollution control and deregulation, and how they might be improved to give better value for money.

Second Stage

3. The review should analyse the options for changing present Ministerial responsibilities and all arguments for or against such change, including, but not confined to, arguments arising from the scrutiny.

ACTION MANAGERS

4. For a decision on machinery of government aspects: Mr R A C Hewes.

5. Following a machinery of government decision, for producing action plans for implementation: Sir Michael Quinlan and Sir Peter Harrop.

EXAMINING OFFICER

6. G P Dyche, Cabinet Office; with team of 1 full-time member from each of DOE and HSE plus 1 part-time member from the Efficiency Unit.

TIMETABLE

7. Scrutiny: start date - 9 December 1985
study plan - 20 December 1985
synopsis - 7 February 1986
report - 28 February 1986

Machinery of Government decision on 30 April 1986

Action plans by 30 June 1986

Implementation by November 1987.

Acid Rain : ENV. Affairs P14.

010

CONFIDENTIAL

File loose cc BG 90

Minister of State for the Environment
Countryside and Local Government

Department of the Environment
2 Marsham Street London SW1P 3EB
Telephone 01-212 3434

cc P/S SofS (for inf)
P/S MRS PUMBOLD
P/S SIR P. HARROP
DR HOLDGATE
MR GRUFFIDD-JONES
MR BURGESS / MR TURNBULL
MISS McCONNELL
MR P MORRISON DTI

13 November 1985

CDP - for info

Dear Malcolm,

LARGE PLANTS DIRECTIVE

At the Environment Council on 28 November the dossier on vehicle emissions is the first item on the agenda and that on large combustion plants the second.

Vehicle emissions will take up much of the Council's time, since the possibility of agreement can be seen but there remain a number of significant issues to argue about, and, of course, there also remain problems with the Danes. The spotlight will however start turning to the proposed Large Plants Directive. This dossier has been on the Council agenda for two years but there has been no attempt at negotiation beyond the repetition of national positions. Discussions will now become more focussed. It is important that colleagues understand that our position allows no compromise at all with a Directive of the kind that at present lies on the table. That is because we have decided to agree to no binding commitment on the diminution of emission levels, however small, that might require us to spend at the power stations in order to ensure their achievement.

At present we have not become separated from the other countries - Greece, Ireland and Italy - which oppose the draft Directive. I shall of course endeavour to maintain their opposition at the same level of obduracy as our own. However the Commission is already preparing to buy off Greece and Ireland with special de minimis clauses, and Italy, whose commitment to the exact implementation of Community measures does not always equal our own, may seek to negotiate lower figures than are in the present Directive. Lower figures, of course, do not help us.

That is for the future, and in due course I shall try to invent a package of low key counter proposals to which colleagues might agree in order both to provide us with something to say in public and perhaps to keep our present allies with us a bit longer. No package can, however, be invented which will make our policy acceptable to the French, the Germans, or the Commission and sooner or later we are bound to have considerable conflict with them on this subject. This letter is meant simply to inform you that the next Council will see the beginning of this saga, which will develop in the next seven months leading up to our own Presidency.

Copies of this letter go to John MacGregor, Alastair Goodlad, Peter Morrison, Lynda Chalker, Sir Robert Armstrong and Mark Addison at No 10.

Yours

WILLIAM WALDEGRAVE

Malcolm Rifkind Esq MP

cc tg

70 WHITEHALL, LONDON SW1A 2AS

01-233 8319

From the Secretary of the Cabinet and Head of the Home Civil Service

Sir Robert Armstrong GCB CVO

Ref. A085/2885 11 November 1985

MEA

Dear Sir Peter,

A New Pollution Inspectorate

Mr Flesher's letter of 16 October to Mr Young records the Prime Minister's request that the Cabinet Office should carry out a detailed assessment of your Secretary of State's proposal for a new Pollution Inspectorate.

I have in mind to tackle this in two stages. First, we need a clear understanding of how the various Inspectorates operate at present, and the relationships between them. That might best be obtained if your Secretary of State and Lord Young were to commission a scrutiny team drawn from the Department of the Environment and the Health and Safety Executive, under a Cabinet Office leader, to report on how the present arrangements operate in practice. The primary purpose of this work would be to establish a clear factual analysis of present working arrangements and relationships. The scrutiny team would need to speak to staff at working, as well as more senior, levels and would (I hope) be able to take soundings in a few industries under the supervision of the Inspectorates concerned. The scrutiny report would go to Mr Baker, Lord Young and myself.

I would then use the report to initiate the second stage of the review. This would be led by Machinery of Government Division here, consulting interested Departments in the customary confidential fashion, and would take into account both the results of the scrutiny and all wider considerations. Following a decision on machinery of government aspects, you and Michael Quinlan might be best placed to prepare action plans on the scrutiny conclusions.

/I see no need

Sir Peter Harrop KCB

I see no need formally to announce the scrutiny stage of the process, but its existence may become relatively widely known and we could be reasonably open about it. Your Department and the Department of Employment might best handle any Parliamentary Questions or press enquiry, consulting each other and Machinery of Government Division at the time: the general line might be a low key confirmation that, having taken stock of their new responsibilities, Mr Baker and Lord Young have commissioned a scrutiny of present arrangements, and that the scrutiny is not directed to any particular conclusions. Any request to publish its report might be met by an understanding to consider whether some form of publication would be useful once the scrutiny has been completed and its results examined. I envisage that the scrutiny team would consult the Trade Union Sides in the normal way: in the nature of things the unions will get to know of the scrutiny anyway, and following the standard procedures on consultation should help avoid giving the impression that there is anything exceptional about the exercise.

--- I attach a specification for a review along these lines, and would be grateful to know whether you or Michael Quinlan, to whom I am sending a copy of this letter, see any difficulties with this approach. I am sending copies also to Alan Bailey at the Treasury, Brian Hayes, Kerr Fraser, Richard Lloyd Jones, Peter Gregson, Michael Franklin, Robin Ibbs, Robin Nicholson and Tim Flesher at No 10.

Yours ever

Michael Stark

(for Sir Robert Armstrong)

DRAFT TERMS OF REFERENCE

1. To review the proposal that HM Industrial Air Pollution Inspectorate be transferred from the Health and Safety Executive to form part of a new Pollution Inspectorate to be established within the Department of the Environment. The review should take account of the impact of regulatory activity on industry. and assess the efficiency of options for the future organisation of work.

2. The review should commence with a scrutiny of

- HM Industrial Air Pollution Inspectorate
- the Radiochemical Inspectorate
- The Hazardous Waste Inspectorate
- DOE scientists and engineers engaged in pollution work

The scrutiny should identify the present working arrangements of these bodies, including extent of coordination as to the impact of their work on industry, and identify links with other parts of Government and with local authorities, including in particular

- HM Factory Inspectorate
- HM Nuclear Installations Inspectorate
- HSE's Research and Laboratory Services Division (insofar as related to the above six bodies).

The scrutiny should also identify the working arrangements of HM Industrial Pollution Inspectorate for Scotland and the impact of these on industry. It should draw conclusions and make recommendations on the economy and efficiency of existing arrangements, and their effectiveness in securing Departmental objectives for pollution control and deregulation.

3. The review should analyse the options for changing present Ministerial responsibilities and all arguments for or against such change, including, but not confined to, arguments arising from the scrutiny.

DRAFT REVIEW PLAN

I SCRUTINY

Method: standard Efficiency Unit procedures

Team: 1 from DOE, 1 from DEmp/HSE, MG lead [illegible]

Work: 1) Collection of data by correspondence for each of the eight bodies identified in the terms of reference on

- objectives
- expenditure, staff numbers and grades
- industries regulated
- working methods, frequency of contact with other bodies
- performance measures
- relations with industry and local/water authorities.

2) Meetings: 16 with the eight bodies (one senior, one working level)

6 with DOE, DEmp, HSE (2 each)

6 with Treasury, D/Energy, Scottish Office, Welsh Office, DTI, Deregulation Unit

5 with industry (CBI, BNFL, 1 under IAPI and Facotry Inspectorate, 1 under Hazardous Waste Inspectorate, 1 under HMIPI for Scotland)

2 with a local authority and water authority

/2 with Trade Union Sides in DOE, HSE/

3) Analysis

4) Report

[14 man weeks over 8 week period following acceptance of study plan?]

II REVIEW

Method: MG procedures

Team: MG

Work : 1) Identification of options for change and arguments, in consultation with DOE, DEmp, HSE, Scottish Office.

2) Analysis, including legal advice

3) Report

[12 weeks, possibly some preliminary work done in parallel with scrutiny]

ENV. AFFAIRS: Acid Rain: Pt 4

CONFIDENTIAL

cc BG

2 MARSHAM STREET
LONDON SW1P 3EB
01-212 3434

My ref:

Your ref:

25 October 1985

Dear Timothy,

Thank you for your letter of 16 October, conveying the Prime Minister's reactions to my Secretary of State's minute of 23 September, proposing a new Pollution Inspectorate.

My Secretary of State believes that there are positive political and operational attractions in the proposals he put forward and that they would not add to the burden on industry. He therefore welcomes the proposal that the Cabinet Office should carry out a detailed assessment with the assistance of the Efficiency Unit. We look forward to hearing the arrangements for undertaking this task, and will provide all possible assistance.

I am copying this letter to the recipients of yours.

Yours sincerely

Sue Vanderwood

1. DN - to see
2. P.a.

MISS SUE VANDERVORD
Private Secretary

Timothy Flesher Esq

ENV AFFAIRS
ACID RAIN
PT 4

FILE

DA.

cc Policy Unit

10 DOWNING STREET

From the Private Secretary

16 October 1985

Dear Robin,

The Prime Minister has seen your Secretary of State's minute of 23 September proposing a new Pollution Inspectorate within the Department of the Environment which would also take in the Air Pollution Inspectorate from the Department of Employment. She has also seen the responses of Ministerial colleagues to these proposals.

The Prime Minister is not at this stage convinced that a change along the lines proposed by Mr. Baker would significantly improve the handling of environmental issues and she is particularly concerned to ensure that any new arrangements did not add to the regulatory burdens on industry. She would be grateful, therefore, if, before taking your Secretary of State's proposals further, the Cabinet Office would carry out a detailed assessment of the likely benefits of the re-organisation proposed. The Efficiency Unit should be associated with the review.

I am copying this letter to John Mogg (Department of Trade and Industry), John Graham (Scottish Office), Colin Williams (Welsh Office), Leigh Lewis (Department of Employment), Stuart Lane (Paymaster General's Office), Michael Stark (Cabinet Office), Sir Robin Ibbs and Sir Robin Nicholson.

Yours ever

Tim Flesher

(Timothy Flesher)

Robin Young, Esq.,
Department of the Environment.

dg

1

PRIME MINISTER

POLLUTION

Kenneth Baker's minute at Flag A is proposing a new pollution inspectorate which would bring together various groups of inspectors and advisers in his department and take in the Air Pollution Inspectorate from the Department of Employment. He sees this as a major presentational move at the very least to demonstrate the priority attached by the Government to environmental issues. He receives enthusiastic support from the Welsh Secretary, Trade and Industry Secretary, Sir Robin Nicholson and the Policy Unit. Doubts have been raised, however, by Lord Young (Flag B), who wants to ensure that it does not add to the regulatory burdens on industry; and Lord Whitelaw (Flag C) who records Lord Marshall's proposal for a transfer of work in the other direction from the Department of the Environment to the Health and Safety Executive. Sir Robert Armstrong's minute at Flag D says that in view of these differing views, together with the need to ensure that efficiency savings could be made, suggested by Sir Robin Ibbs there should be a speedy review of the factors involved to be conducted by the Cabinet Office with help from the Efficiency Unit.

Do you wish:-

i. to press ahead with Mr. Baker's proposals and sort out any problems on the way; or No

ii. express general approval of the idea subject to the kind of examination of the issues involved proposed by Sir Robert Armstrong.

No not for the need for change. It will not succeed in improving matters and

(Timothy Flesher)
15 October, 1985

RAMACI

gc NO

CONFIDENTIAL

WO693

PRIME MINISTER

15 October 1985

A NEW POLLUTION INSPECTORATE

The Secretary of State for the Environment is proposing the formation of a unified pollution inspectorate by combining, in his Department (and the Welsh Office), the Industrial Air Pollution Inspectorate (now part of the Health and Safety Executive), the Radiochemical and Hazardous Waste Inspectorates (part of the Department of the Environment) and other groups of specialist advisers.

2. I agree with Mr Baker that such a measure would be a positive benefit to the presentation of the Government's environmental protection policies. I believe that a unified pollution inspectorate would be widely welcomed, not only by the Royal Commission on Environmental Pollution, but also by both industry and environmental organisations.

3. More importantly, the proposal is justified on the grounds that it should improve the effectiveness and cost-effectiveness of pollution control policies. The present fragmentation of responsibility among various inspectorates (in different Departments) and local authority bodies leads to wastage of resources, and confusion and uncertainty on the part of industry and the public.

4. I advise acceptance of Mr Baker's proposal though I understand that there may be suggestions for a prior look at the machinery of government implications. I further suggest that, following the establishment of a unified inspectorate, he is asked to review the relative responsibilities of central and local government in pollution control.

5. I am copying this minute to Sir Robert Armstrong.

RBN.

SIR ROBIN NICHOLSON
Chief Scientific Adviser

Environmental Affairs - Pt 4
Acid Rain

CSNO

Ref. A085/2629

PRIME MINISTER

A New Pollution Inspectorate

I have seen the Secretary of State for the Environment's minute to you of 23 September proposing the creation of a new Pollution Inspectorate, and the comments from the Lord President, the Secretaries of State for Employment and Wales, and Sir Robin Ibbs.

2. I can certainly see the attractions of a unified environmental inspectorate. There are, however, as Lord Whitelaw and Lord Young point out, counter-arguments: transferring the Industrial Air Pollution Inspectorate from its present position in the Health and Safety Executive could have an impact on other HSE work; a new Pollution Inspectorate could add to the regulatory burdens on industry; and the nuclear industry, currently regulated by HSE's Nuclear Installations Inspectorate and DOE's Radiochemical Inspectorate, would prefer the latter to be transferred to HSE - which would be a move in the reverse direction to that suggested by Mr Baker.

3. I doubt whether you would wish to take a decision on Mr Baker's proposal without a more detailed assessment of the background to it and the implications. I therefore support the suggestion that officials should carry out such an examination. This should cover the work of the various Inspectorates involved and look at all the options. The efficiency scrutiny suggested by Sir Robin Ibbs might be combined with this examination: I suspect that the efficiency implications are one factor you will wish to consider when taking a decision on the proposal, rather than at a later stage when any resultant merger was already under preparation.

4. You will want a review which is both speedy and sufficiently thorough. I suggest that the Machinery of Government Division of the Cabinet Office be instructed to set this in hand, involving Departments whose interests are affected, and that the Efficiency Unit be invited to look in parallel at the efficiency considerations, so that their advice on that aspect can form an input to the final paper.

5. Given that the Lord President's minute was not copied to other Ministers I have sent a copy of this minute only to him.

RA

ROBERT ARMSTRONG

14 October 1985

Environmental Affairs; Acid Rain; Pt 4

CC 70

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JU265
Secretary of State for Trade and Industry

TF seen.

9 October 1985

await RN's comments

The Rt Hon Kenneth Baker MP
Secretary of State for
the Environment
Department of the Environment
2 Marsham Street
London SW1

Dear Kenneth,

Thank you for sending me a copy of your minute to the Prime Minister of 23 September concerning the possible establishment of a unified Pollution Inspectorate.

As you know, my predecessor was inclined to support the CBI's view that the Industrial Air Pollution Air Inspectorate (AIPI) should be located in your Department, and I have no reason to dissent from that view. I can see the case for unifying the various inspectorates, and I am therefore content with what you propose.

The work of the inspectorates is, of course, an area of considerable interest to industry, and I am sure you will recognise the importance of ensuring that they continue to be sensitive to the financial and administrative burdens which their work can place on the business community. If anything, the unification of the inspectorates under your Department should make it easier for us to ensure that we strike the right balance between environmental policy objectives and the deregulation initiative.

I am sending copies of this letter to the Prime Minister, George Younger, Nicholas Edwards, David Young, Kenneth Clarke and to Sir Robert Armstrong.

Yours,
Leon

LEON BRITTAN

999-1

ENVI AFFAIRS
ACID RAIN
PT 4

CC no

TF has seen.

Await SJ RN.

MANAGEMENT IN CONFIDENCE

Prime Minister

A NEW POLLUTION INSPECTORATE

Kenneth Baker has sent me a copy of his minute of 23 September about his proposals for a new unified Pollution Inspectorate responsible to the Secretary of State for the Environment and myself.

I fully support the proposals which would facilitate a closer relationship between the Inspectorates and enable us to make - and to be seen to be making - a more integrated approach to the many difficult environmental issues that we are facing.

I am copying this minute to Kenneth Baker and those who received copies of his minute.

8th October 1985

RL.

RNE

Secretary of State for Trade and Industry
Secretary of State for Scotland
Secretary of State for Employment
Paymaster General
Secretary to the Cabinet

ENVIR. AFFAIRS

ACID RAIN

PT 4

TF seen. cc NO

close SJ KN for comments

PRIME MINISTER

A NEW POLLUTION INSPECTORATE

1. I certainly agree with Kenneth Baker (his minute to you of 23 September) that we need to demonstrate that we take environmental issues seriously and that we are thoroughly equipped to deal with them. A central pollution inspectorate has undoubted attractions and I am ready to consider the possible transfer of the Industrial Air Pollution Inspectorate (IAPI) to his Department to help create it if the detailed work I suggest below bears out the merits. Policy responsibility for its work is already vested in the DOE.

2. There are however important practical issues which need to be considered. We need to be clear that the creation of a further powerful regulatory body would not place additional burdens on industry subjecting employers to inspection regimes on the same matters from difficult quarters. This was a very important strand of the approach we adopted in the White Paper "Lifting the Burden". Thus far there has, I understand, been seen to be advantage in having a single main enforcement authority. There is also the question of the most effective and efficient use of scarce specialist resources. At present the IAPI, with its field inspectorate bedded out in HSE area offices, makes an important contribution to many of HSE's activities. Research and laboratory facilities are shared.

3. I suggest that therefore officials should be asked to examine urgently the practical implications of Kenneth Baker's proposal, which might also touch upon other Departments' responsibilites (eg the Department of Energy and the Ministry of Agriculture), to help us decide upon the most effective arrangements and how any duplication of burden on employers can be avoided. You might want to ask Sir Robert Armstrong to arrange for this to be done.

4. I am copying this to Leon Brittan, George Younger, Nicholas Edwards, Kenneth Baker and Sir Robert Armstrong.

DY

7 October 1985

ENV. AFFAIRS: Acid Rain: Pt 4

CCNO

BF// TF seen Awaiting Sir Robin Nicholson's comments

PRIME MINISTER

I have now seen Kenneth Baker's minute of 23 September to you about the possibility of establishing a new Pollution Inspectorate incorporating the Industrial Air Pollution Inspectorate which currently works under the Health and Safety Executive.

You may recall Lord Marshall of Goring raising with you the related proposal of transfer of the Radiochemical Inspectorate away from the Department of the Environment and into the Health and Safety Executive; you suggested he might pursue it with me, and he did.

I merely mention this because it does seem to run slightly counter to the proposals now made by Kenneth Baker. In view of this, I wonder whether the best course would be for there to be a full examination of the respective duties of the various Inspectorates involved, and whether their locations best meet current needs. This is particularly important in the field of nuclear energy, with which Lord Marshall is of course concerned. You may also be interested to know that I was made aware during my recent visit to Sellafield that BNFL are also concerned about being subject to different inspectorates answerable to different Government Departments.

I am not sending copies of this minute to any Ministerial colleagues.

NLW

2 October 1985.

ENVIRO. AFFAIRS
ACID RAIN PTY

cc CMO
Awaiting Cabinet Office advice.

CONFIDENTIAL

PRIME MINISTER

A NEW POLLUTION INSPECTORATE

I have seen a copy of Kenneth Baker's paper containing his proposal to establish a single inspectorate for pollution.

I am sure that it is right to seek to strengthen government environmental activity. But the emphasis in the proposal seems to be on presentation rather than how (and with what expected result) the merger can be used to improve the standard of protection against pollution, thereby effectively reducing unit costs. And of course the proposals leave untouched questions such as co-ordination with MAFF on sea pollution.

The time to make gains is obviously when the merger is in preparation. At this time it might be worth doing a scrutiny with the specific task of making proposals for how the inspectorates can be brought together to make a reality of potential gains in efficiency.

Ian Beesley

p.p. Robin Ibbs (approved by Sir Robin Ibbs and signed in his absence.)
30 September 1985

CONFIDENTIAL

ENV. AFFAIRS

PT 4

ACID RAIN

APPOINTMENTS IN CONFIDENCE

Ruy

FILE

10 DOWNING STREET

From the Private Secretary

24 September, 1985

I enclose a copy of a minute from the Secretary of State for the Environment seeking the Prime Minister's agreement to the establishment of a single inspectorate for pollution, reporting to the Secretary of State for the Environment.

BF

I should be grateful for any comments you may wish to make.

I am copying this letter to Michael Stark (Cabinet Office).

(Mark Addison)

Sir Robin Ibbs,
Cabinet Office.

APPOINTMENTS IN CONFIDENCE

VC

CP
RTA is offering advice. We should hear in a week.
24/9

PRIME MINISTER

24 September 1985

POLLUTION INSPECTORATE

We support DoE's excellent proposal to implement the recommendation of the fifth report of the Royal Commission Environmental Pollution 1976. DoE have told us there is no intention to reduce personnel. We believe some ~~avoidance of~~ more efficiency and rationalisation should result in savings, and that the Efficiency Unit should be asked to do a scrutiny.

Do you agree to invite the Efficiency Unit to investigate?

HPB.

HARTLEY BOOTH

MANAGEMENT IN CONFIDENCE

PRIME MINISTER

A NEW POLLUTION INSPECTORATE

When you appointed me and we discussed William Waldegrave's promotion, we agreed on the need for a higher profile for our environmental work. There is more public and political interest in environmental protection than at any time in the last decade. I expect it to intensify as the General Election approaches. It is more than ever important for the Government to show that we take environmental issues seriously and that we are thoroughly equipped to deal with them.

Our present institutional arrangements do not enable us to do either of these things properly. The capacity of Environment Ministers to give leadership and practical guidance to loal authorities, water authorities and industry should be strengthened. In addition to its intrinsic merits, such a step would provide a restatement of the Government's commitment to environmental protection.

For the most part, we have a decentralised system for pollution control; the bulk of the responsibility lies at local level with local authorities and water authorities. Only with the worst kinds of industrial pollution to the atmosphere, or with radioactive waste, do we have central inspectorates. Our largely local system however is not balanced in England and Wales by coherent arrangements in Central Goverment for providing Environment Ministers with authoritative advice and with sufficient control and influence over the whole range of pollution problems affecting the factors of air, land and water, which increasingly must be seen as a whole. This is a weakness which we must remedy and be seen to remedy.

At present, the Secretary of State for Wales and I have groups of specialist scientists and engineers engaged on Water Pollution, Land Wastes, Radioactive Wastes and Air Pollution Policy. In addition we

have a small Hazardous Waste Inspectorate and a Radiochemical Inspectorate. We do not have the Industrial Air Pollution Inspectorate (formerly the Alkali Inspectorate) which was transferred to the Health and Safety Commission in 1975 - although George Younger retains its Scottish counterpart. I want to improve our present arrangements, and to demonstrate our commitment to strong, practical policies of environmental protection by bringing these scattered Inspectorates and groups of advisers in England and Wales into a single body responsible to me and the Secretary of State for Wales. This would mean restoring the Air Pollution Inspectorate to my Department.

This Inspectorate's work is truly environmental. Indeed it is the oldest environmental protection Inspectorate in the world. At present, it supports my Department under a Memorandum of Understanding with the Health and Safety Executive. My officials have good working relationships with it, but I have no direct control over its deployment. In today's world it is inappropriate that it should not directly advise and be directly answerable to Environment Ministers. Within the Health and Safety Executive it has already retained a separate identity which accords with the nature of its work.

With the transfer back of the Industrial Air Pollution Inspectorate to this Department and the Welsh office, I would make it the focus of a new unified Pollution Inspectorate comprising the Radiochemical and Hazardous Waste Inspectorates, a small number of the professional staff from the Water Directorate and a team who operate the New Chemicals Notification Scheme. The new Inspectorate would promote high standards in the field and provide Ministers with expert advice based on professional experience and practical understanding of pollution control. It would be available to help local authorities and water authorities.

Such a change would be neutral in manpower terms, but an immense advance in authority. It would not mean additional costs to the Exchequer. The transfer might be done initially without primary legislation but the permanent arrangements would need to be included in the Bill which I am contemplating to deal with Air Pollution and Hazardous Wastes possibly for the 1986/7.

An Inspectorate along these lines would be widely popular. It would be backed by the Royal Commission on Environmental Pollution and, I believe, by the CBI who have written to support the restoration of the Air Pollution Inspectorate to my Department. It would also signal at home and abroad our commitment to a robust environmental policy, science-based and combining high standards with realism. I have the support of the Secretary of State for Wales and the Secretary of State for Scotland and I have discussed the proposition with the Secretary of State for Employment. I hope you and our other colleagues will agree that this is an initiative we should take.

I am copying this minute to Leon Brittan, George Younger, Nicholas Edwards, David Young, Kenneth Clarke and to Sir Robert Armstrong.

KB.

K B

23 September 1985

FILE DA

MR. WARRY - on return

VEHICLE EMISSIONS AND BL

You will see that DTI have responded to Andrew Turnbull's letter of 22 July to John Mogg.

I should be grateful for your comments - particularly on the trend in ARG borrowings, before putting this into the Prime Minister.

(Mark Addison)

12 August 1985

CC 100

CONFIDENTIAL
COMMERCIAL IN CONFIDENCE

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
TELEPHONE DIRECT LINE 01-215 5422
SWITCHBOARD 01-215 7877

JU904
Secretary of State for Trade and Industry

9 August 1985

Spk no/pw.

Tim Flesher Esq
Private Secretary to the
Prime Minister
10 Downing Street
London SW1

Dear Tim,

VEHICLE EMISSIONS AND BL

Andrew Turnbull wrote to John Mogg on 22 July. My Secretary of State has seen that letter, together with the Chief Secretary's minute of the same date.

2 BL senior management and Departments are considering how it might be possible to exploit the permissive nature of the vehicle emissions directive. Bilateral exchanges with the French, Italians and Spanish have been initiated and my Secretary of State will report to colleagues in due course on the outcome.

3 The BL Board will provide a report at the end of August on the financial and commercial consequences of new emission standards in Europe. My Secretary of State will wish to look at this closely in preparation for the further inter-Governmental negotiations planned for the Autumn and as a preliminary to more detailed examination in the context of the 1986 Corporate Plan. In the meantime, the company has confirmed that emissions will present no threat to the end-1985 borrowing limit of £680m.

... 4 I enclose as requested figures showing the trend in ARG borrowing in all forms so far this year and the projects for the coming months, set against budget.

5 I am copying this letter to Rachel Lomax (HM Treasury), Peter Ricketts (Foreign and Commonwealth Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

Yours Sincerely,

Andrew Lansley

ANDREW LANSLEY
Private Secretary

999-1

CONFIDENTIAL

COMMERCIAL IN CONFIDENCE

ARG[1] WORLDWIDE BORROWINGS 1985

£M

	ACTUAL	BUDGET (AS AT 1 JAN 1985)
January	277	279
Feburary	313	313
March	301	281
April	225	223
May	314 [2]	309
June	306	309
July	304	386
August)	261	250
September)	230	187
October)[3]	275	244
November)	217	201
December	312	312

1 Figures relate to ARG passenger car activities. BL Technology and SU Butec excluded.

2 Figures from June onwards represent ARG's current forecast of borrowings.

3 Following volume losses in May to July, and the build up of stocks for the August "C" registration period, ARG are anticipating some possible factory lay offs if demand in September and October does not require continuing full production.

Acid Rain: Env. Affairs Pt 4.

SRW

CONFIDENTIAL

10 DOWNING STREET

22 July 1985

From the Private Secretary

Dear John,

VEHICLE EMISSIONS

The Prime Minister has seen your Secretary of State's minute of 15 July. She agrees that the implications of the Vehicle Emissions Directive for BL's capital programme will need to be examined carefully on their merits. Meanwhile she hopes BL and Departments will be examining how to exploit the permissive nature of the Directive by creating a grouping of European countries operating to a more relaxed standard, as suggested in Sir Robin Nicholson's letter of 8 July.

She has noted that your Department will be monitoring very closely the level of BL's borrowings. She has asked to see the trend in monthly movements in ARG borrowing in all forms so far this year and the projections for the coming months.

I am copying this letter to Rachel Lomax (HM Treasury), Peter Ricketts (Foreign and Commonwealth Office), John Ballard (Department of the Environment) and Richard Hatfield (Cabinet Office).

Yours sincerely

Andrew Turnbull

(ANDREW TURNBULL)

John Mogg, Esq.,
Department of Trade and Industry

CONFIDENTIAL

SRW

CONFIDENTIAL

PRIME MINISTER

VEHICLE EMISSIONS

Mr. Tebbit's minute is the opening shot in discussions about the implications for ARG's capital expenditure of the Vehicle Emissions Directive. The Directive both sets standards at the tighter end of the range and requires them to be achieved earlier than was originally hoped. Some adjustment may, therefore, be justified. At least for once DTI have set themselves in the role of monitor of ARG's claims rather than as ARG's advocates.

In your reply you could:

(i) Agree that the implications for ARG's capital expenditure should be looked at on their merits;

(ii) urge ARG and Departments to examine how to exploit the permissive nature of the Directive by creating a special grouping of European countries operating to a more relaxed standard, as suggested in Robin Nicholson's letter of 8 July;

(iii) welcome the fact that DTI will be monitoring BL's borrowings closely and ask to see the figures showing the trend in monthly movements in total Austin Rover borrowings (direct, off balance sheet, car financing, etc.) so far this year.

AT

Yes

ANDREW TURNBULL

18 July 1985

CONFIDENTIAL

DW207

B/F with PM response AW
BT 15/7

CONFIDENTIAL

PRIME MINISTER

VEHICLE EMISSIONS

Since your meeting on 1 July, the Chancellor of the Exchequer has lifted the UK's ad referendum reserve on the agreed basis and the negotiations on important outstanding technical points got under way this week. It remains to be seen how difficult these will prove but we may need to fight hard and obstinately for our corner.

2. In the meantime, I shall be taking stock of the situation in the main UK manufacturers affected by the proposed Directive. Sam Toy has told me that Ford's first assessment is that "probably" they can live with the new emission levels agreed for medium cars but they believe it will be expensive. As an insurance, Ford do in any case have access to their parent company's US experience with three-way catalyst technology.

3. The issues for Austin Rover are less straightforward. For obvious reasons they need to persevere with lean-burn but, at the severe limits set for medium cars, there is no guarantee that these standards can be met within the required timescale on this technology alone. ARG therefore need to run parallel programmes using three-way catalyst technology both as a longer-term insurance and to provide them the means of access to the FRG and other markets where fiscal incentives are likely increasingly to determine purchasing patterns.

CONFIDENTIAL

4. It is not yet clear what effect the emissions question will have on the resources required by ARG to remain competitive. For the moment, my Department will continue to monitor very closely the level of BL borrowings against the constraints which the Government has imposed in the light of the 1985 Corporate Plan. However, it will be necessary to carry out a more detailed investigation of the cost of emissions - and the implications - in the context of the 1986 Plan and we shall have to judge the results on their merits at that time.

5. I am sending copies of this minute to the Chancellor of the Exchequer, the Foreign and Commonwealth Secretary, the Secretary of State for the Environment and to Sir Robert Armstrong.

NT

N T

15 July 1985

Department of Trade and Industry

Aid law

011/114

CONFIDENTIAL

NBPM AT 18/7 CE NO.

FROM: CHIEF SECRETARY
DATE: 19 July 1985

PRIME MINISTER

VEHICLE EMISSION

with AT?

Norman Tebbit's minute of 15 July warns of unfinished business as to the impact on BL of the proposed vehicle emissions directive.

2 I gather that BL's off-the-cuff estimate is that some £200 million of extra costs will be incurred by complying with the draft directive, and this substantial figure clearly justifies detailed scrutiny. If we can review the results of this scrutiny in the overall context of BL's 1986 Corporate Plan, then it makes obvious sense to do so. But if there is any risk that BL will breach the £680 million cap on borrowing at the end of this year, then we should aim to bring forward the review to the early Autumn.

3 Copies of this minute go to the Secretaries of State for Foreign and Commonwealth Affairs, Trade and Industry, Environment and to Sir Robert Armstrong.

PR.

PETER REES

CONFIDENTIAL

NDPN AT 19/7

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET
Telephone (Direct dialling) 01-215) 4301
GTN 215)
(Switchboard) 215 7877

From the Parliamentary Under Secretary of State for Industry

JOHN BUTCHER MP

Sir Robin Nicholson FEng FRS
Chief Scientific Adviser
Cabinet Office
70 Whitehall
LONDON SW1A 2AS

19 July 1985

Dear Sir Robin

VEHICLE EMISSIONS

will request if required

Mr Butcher has asked me to reply to your letter of 8 July about the discussion with Mr Sheron (BL Technology) and Mr Gill (Lucas) on 5 July.

Mr Sheron seems to have been unaware of Austin Rover's understanding of the permissive nature of the proposed directive: he is, of course, the head of a separate organisation, BL Technology, and not necessarily fully aware of Austin Rover's commercial strategy for European export markets. Mr Lamont and others here have since late last year been discussing with Mr Horrocks and Mr Musgrove different ways the European market might fragment - with or without agreement on a directive. Officials have also had numerous working level discussions with ARG's product planning and engineering staff and emission engineers within BL Technology.

There is no doubt that both senior management and those intimately concerned with the details of the emission proposals within ARG and BL Technology fully understand the permissive nature of the directive: indeed a central factor in assessments of the relative merits of an unsatisfactory agreement and no agreement is trying to work out whether the French and Italians might in time follow the Germans in implementing tighter levels to be permitted by a directive.

This Department is not very optimistic about the chances of seriously wrong-footing the Germans in the market place on the basis of strategically chosen emission levels. Since last year we know their thinking has taken into account the chance of less stringent standards in the markets of some Member States and the

JB5AZS

99-11

Acid Rain PTK

need in that event to engineer for a divided Community market. It does not greatly perturb them. Their export markets in less environmentally conscious countries make this a relatively undaunting prospect.

But that still leaves our own interest in the French and Italian markets. As you know, attempts to line up our positions on the implementation of the agreement with the French and Italians have been put in hand as agreed at the Prime Minister's meeting on 1 July. We should be able to get a better view of what may be possible once we have assessed the results of preliminary soundings - though I should say that early signs from Paris are not encouraging.

I am sending copies of this letter to Andrew Turnbull (No. 10), John Ballard (Mr Jenkin's office), Richard Allen (Mr Ridley's office), Anthony Cary (Mr Rifkind's office), Barbara Jones (Mr Waldegrave's office) and Mr Williamson (Cabinet Office).

Yours sincerely

David Halldearn

DAVID HALLDEARN
Private Secretary

JB5AZS

PERSONAL

Mr Tyrrell (10 Downing Street)

I thought that you might be interested to see the point at X, although I hope that this dossier is now closed!

D.F.W. 16/7.

Qz 04552

MR SHEARER

cc: Mr Jay

VEHICLE EMISSIONS

1. Thank you for researching the earlier papers so thoroughly and for obtaining the information from Miss Lambert. I am encouraged that my memory did not let me down and I note that:

(1) the paper EQS(85)3 submitted by the Department of Trade and Industry to the Steering Committee on European Questions and discussed there on 13 February in preparation for the E(A) meeting included the figure of 7-12 grammes per ECE test (HC and Nox then being expressed separately) as a description of the Option 2 range of figures applying to medium cars;

(2) following the EQS meeting a first draft of the note by officials was sent by Miss Lambert (Cabinet Office) to Miss Lackey (DTI) on 21 February; a complete version was sent by Miss Lambert to the Department of Trade and Industry on 22 February; and a second copy was sent by Miss Lambert to Mr Lamont's office on 25 February.

D F Williamson

D F WILLIAMSON

16 July 1985

U. Ems.
NBPM
AT
17/7

MR TURNBULL

16 July 1985

AUSTIN ROVER

The Prime Minister could consider a Private Secretary response to the DTI note along the following lines:

"The Prime Minister has seen your letter of 15 July and she has also seen Robin Nicholson's note of 8 July. She hopes that your Department in conjunction with Austin Rover will fully exploit the possibility of using the permissive nature of the directive to create a sub-grouping of European countries operating to a more relaxed standard.

She welcomes the intention to keep BL borrowings under close review and in view of the disappointing sales performance by Austin Rover so far this year, she would like to see figures showing the trend in monthly movements in total Austin Rover borrowings (direct, off-balance sheet, car financing etc) so far this year."

Peter Warry

PETER WARRY

Acid Rain. ~~the~~ Env. Affairs . Pt 4

CF. HB is providing X.
MCA 15/7

PRIME MINISTER

The attached note from Hartley Booth takes stock of the current position on conservation. He does not believe there is any urgency on this, but thinks you will be interested to have a general and comprehensive account of where matters stand for now.

You are hosting a 'conservation lunch' in November, and we shall need to have DOE's reaction to Hartley's ideas before that.

If you wanted to know more about the Doomsday proposal (page 2 of Hartley's covering note) I know he would be happy to provide this.

X

Yes please MT

Mark Addison

MT

Mark Addison

12 July 1985

PRIME MINISTER 12 July 1985

CONSERVATION: OUR RECORD AND THE WAY AHEAD

"I guess that I shall never see
A bill board lovely as a tree
Indeed unless the bill boards fall
I'll never see a tree at all."

Ogden Nash

The Government has a good story to tell on Conservation Policy. It is set out at Annex A.

"Conservatives Conserve". Two thirds of all conservation and anti-pollution legislation has been passed by Conservative Governments. Indeed, a hundred years ago it was a Conservative Government under Disraeli who first passed laws to clean up the country with River Pollution legislation and Public Health and Alkali Inspectors Acts. Every Conservative Government since the turn of the century has acted to improve Britain's environment. We can repulse Alliance Greens.

The Way Ahead

There are a number of ways in which we could consolidate our record.

1. A Heritage Register

There is an opportunity this Autumn on the 900th anniversary of the Domesday book to publish cheap, heritage registers, together with the register of unused Government and local authority land, which is often an eyesore.

2. Acid Rain

By July 1986, we should be able to join the 30% club on acid rain (Waldegrave successfully defused our opponents this week).

3. Clean Air

In 1987, we should legislate on clean air (DoE want this) and also link this with the Royal Commission proposal to unify environment inspectorates (DoE are proposing this. Tom King controls Alkali Inspectors and does not yet know DoE's plan.)

4. The Price of Conservation

We must look for ways of being "green" more cheaply.

(a) Owners of stately homes look after their houses cheaper than the State. Incentives for these owners to stay with their large houses rather than off load them should be devised.

(b) Landscape conservation farmers are now given grants for saving the countryside. In future, why not introduce landscape "conservation orders" (MAFF resist these). They would cost little, and give assured protection.

DoE are looking at all these proposals, but will miss the Domesday opportunity if not given some encouragement by you.

HARTLEY BOOTH

ANNEX

1. Conservation in the Countryside

Policy: The Government's declared resolve to bring about a closer understanding between farmers and conservationists, remains undiminished.

Legislation: Through its legislation, the Government has put this principle into effect. The Wildlife and Countryside Act, 1981, for the first time, established a much needed framework, within which conservation could be actively promoted. Amongst its provisions were:

- new safeguards for animals, plants and their habitat;

- greater protection for sites of special scientific interest;

- arrangements for increased co-operation between those with interests in the countryside.

In addition, the Wildlife and Countryside Amendment Act will, when enacted, make the 1981 Act even more effective.

EEC Directive: The Government has promoted its conservation policy in Europe. Britain has pressed for environmental protection to be provided within the Agricultural Structures Directive. In recent months, legal backing has been obtained in principle from the EEC

to pay more grants to conservation-conscious farming in certain areas.

Capital Grants Structure: Prior to 1979, the capital grants structure was slanted in favour of farmers. The Government has modified its previous policy to introduce measures to improve conservation. Land reclamation is no longer supported by grants, except in Northern Ireland, and field drainage grants have been substantially reduced. On the other hand, grants have been increased for the laying and planting of hedges, traditional walls and broad-leaf shelter belts in less favoured areas and now in lowland areas as well.

Halvergate: The Government is spending £18 million nationally to secure farming practices which are sympathetic to the environment. MAFF has agreed that Halvergate is to contribute 50% of the total cost of the Broads Grazing Marshes Conservation Scheme, so conserving landscape in a crucial tourist area.

Strawburning: The Government has taken action to control the careless burning of straw and stubble each Summer. So responding to a vociferous lobby. New and stronger model by-laws have been adopted by local authorities. These have raised the maximum fine to £2,000 for each offence. As a result, the level of irresponsible strawburning has declined dramatically. The number of complaints last year was a quarter of that in 1983.

Farmers are being encouraged to develop new methods of straw disposal and the Government is supporting this with £2 million per year of research money.

2. Conservation in and Around Towns

Green Belts: The Government its full support of the policy of Green Belts that has existed since the 1950s. A planning circular issued in July 1984 says that:

> "Once the general extent of the Green Belt has been approved as part of a structure plan for an area, it should be altered only in exceptional circumstances."

Green Belt boundaries must be realistic. If they are drawn excessively tightly around existing built-up areas, it may not be possible to maintain the degree of permanence that Green Belts should have.

Your Government, fully protects a 6,800 square mile area, the size of East Anglia. This is 2½ times the area that was fully protected under the old planning system. This issue has come up again this week. We have a strong response to critics.

Urban Regeneration: Urban Development Corporations (UDCs) have brought homes and industry back to docklands in London and Liverpool. The new Urban Development Grant supports private sector development in the inner cities

which would otherwise not be economic. The Conservative policy of encouraging more homes, more jobs and a pleasant environment in the inner cities helps to relieve the pressure for development on greenfield sites. Though the need for development elsewhere will remain.

Labour, by contrast, has no policy for the inner cities. Under the Labour Government, money was lavished on grants to "voluntary groups", sometimes run by Labour Party activists, where nothing was done to encourage new jobs and provide homes that people wanted to buy and live in.

Other measures, taken to improved the older urban areas, include:

- establishment of registers for unused or under-used, publicly-owned land; (so far, 18,000 acres of land on the registers have been sold for development or brought into use);

- restoration of derelict land has accelerated;

- aid through the Derelict Land Grant in 1985/6 in England was £76.4 million, compared with only £20 million in 1978/9 in Labour's last year in power.

Garden Festivals: The first International Garden Festival in Liverpool last year confounded the critics of the Government's urban policies and attracted 3.4 million

visitors. A second festival next year will be in Stoke on Trent.

3. Air Pollution and Acid Rain

Atmospheric pollution was tackled by Conservatives as early as 1956 by the Clean Air Act. This was largely responsible for removing London smog that had killed 5,000 people. In addition, since 1970, the emissions of sulphur dioxide (SO^2) from industry and power stations have been cut by 40% - you were made aware of this last week - better than all countries in Europe except probably Sweden and Germany (but NB we are still the biggest gulcher in Europe).

The Council of the EEC recently agreed a Directive, supported by the UK, that provides for the introduction of unleaded petrol throughout the Community not later than 1989. In June this year, the UK also agreed with European partners reductions of 60% in emissions of vehicle exhausts by the end of the decade, as you know from recent minutes.

4. Nuclear Energy

Air pollution will be assisted by increased use of nuclear power, which we can rightly claim is cheap, safe and efficient. Safety considerations are paramount. Britain's record is good. An estimated 87% of all radiation received by the population in the UK is from natural sources, and a further 11% comes from medical uses. There has never been a

nuclear emergency at any of the United Kingdom's nuclear power stations. Nevertheless, to allay fears, the Government has considerably increased the nuclear inspectors (from 4 to 20). We can also point to the appointment of Sir Douglas Black to consider the evidence of complaints concerning Sellafield, and that we have acted on all his recommendations. His independent review reported in July 1984 that there was no evidence of any general risk to health of children or adults. Emissions from this reprocessing plant have been reduced by 500% in the last 5-6 years. We are spending £1.8 billion at Sellafield to make it as good as, if not better than, any other such plant in the world.

5. Onshore Oil

The Department of the Environment and County Councils have been restrictive in granting planning permission for exploration or development of onshore oil. Where planning permission has been granted, it has imposed numerous conditions safeguarding the environment. For example, at Furzey Island in Poole Harbour, 34 conservation and planning conditions were imposed which include effective restoration of the site after its use and minimum disturbance during vital appraisal. Standard extraction equipment is small, creates virtually no noise and is inconspicuous.

6. Water Pollution

For many years, Britain's rivers and coastal waters were

seriously polluted. In 1984, by bringing into force Part II of the Control of Pollution Act 1974, the Government did more to tackle water pollution than any other single administration. This will build on progress already achieved. Between 1958 and 1984, the length of tidal and non-tidal rivers and canals in England and Wales classed as grossly polluted fell from 7% to less than ½% of the total length of those waterways. The first mature salmon since 1835 was recently caught in the Thames.

Summary

The Government introduced no less than 23 measures during the last 6 years - more than any other British Government. In particular, the passing of the Wildlife and Countryside Act in 1981 represented our main achievement, for it was the first occasion on which the interests of the many groups involved in the countryside had been reconciled so effectively.

NOTE FOR THE RECORD

VEHICLE EMISSIONS

John Mogg (DTI) rang me, clearly under instructions from Mr Tebbit, to explain why DTI Ministers felt so dissatisfied about the outcome of the Environment Council, and why they did not think it was consistent with Ministerial decisions.

DOE Ministers had claimed that an agreement at 8 grams per test was within the range of 7-12 which had been considered consistent with Option 2 in the March E(A) paper. These figures were derived from the annex to a paper by officials which was produced under the chairmanship of the European Secretariat in the Cabinet Office. This paper was not circulated to Ministers but was intended to provide a common understanding in Whitehall with which officials could brief their Ministers.

Mr Mogg said DTI had seen a draft of the paper, without any annexes providing figures, but had not received the final version with the annexes. It was wrong, therefore, to regard the annexes and hence the figures they contained as informing the E(A) decisions.

Mr Mogg said the range of 7-12 was not an interdepartmentally agreed range for where the outcome of Option 2 might lie but was derived from the High Level Group meeting in Brussels. At that meeting, the Dutch had argued for a hydrocarbon level of 3/4 and a NOx level of 4, and Britain for 6 for both. The range, therefore, displayed the extent of disagreement about Member States. It was wrong therefore to use the combined range derived from these discussions for a different purpose ie. the negotiating authority of the UK representatives at the Environment Council.

Mr Mogg said the paper for the March E(A) stated that technical experts in Ford and BL could reach a level of 8½ but senior management in BL did not accept even 8½.

The purpose of disseminating this account which has also gone to David Williamson and Environment is to establish DTI's moral position for submitting a claim for additional capital expenditure for BL on the grounds that the agreement is both tougher and has to be achieved earlier than expected. I have warned Mr Mogg that if such a bid is submitted, DTI should present themselves not as BL's advocates but as the Government's scrutineers that any bid is the minimum that is needed.

There are several aspects of this account which I find implausible.

(i) How could DTI officials take part in preparing earlier drafts of the paper by officials and then not be aware of it when briefing their Ministers?

(ii) I do not believe it was possible to have a version of the paper by officials from which the annexes were divorced. The final version makes it clear that the text makes no sense without the annexes.

(iii) David Williamson has confirmed that use of the ranges 3/4 to 6 and 4 to 6 (making a combined 7-12) had been discussed with officials of all departments. So whatever their origin, the figures had become accepted as a quantification of the range for Option 2.

AT

ANDREW TURNBULL
9 July 1985

cc/BI

10 DOWNING STREET

From the Private Secretary

Prime Minister

The report about BL is extraordinary. DTI claim that Mr Lamont explained the stakes of the directive to Mr Musgrave and that he understood it. This leaves several possibilities

(i) Mr Musgrave understood it but failed to explain it to his Chief Scientist, Mr Shannon

(ii) Mr Musgrave failed to understand it (certainly the estimates he was providing the Department only made sense if the Directive was thought to be ~~[illegible]~~ mandatory).

More interesting, however, than the post mortem is the possibility of turning the tables on the Germans. The idea of a pact at 10 grams per test is now being pursued.

AT 9/7

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CC NO

CABINET OFFICE

70 Whitehall London SW1A 2AS Telephone 01-233 7089

From Sir Robin Nicholson F.Eng FRS
Chief Scientific Adviser

W0533

John Butcher Esq MP
PUSS/Dept of Trade & Industry
1 Victoria Street
London SW1

8 July 1985

Dear Minister,

VEHICLE EMISSIONS

Following Sir Keith Joseph's meeting with industrialists on 5 July, you and I had an interesting informal discussion on vehicle emissions with Harry Sharon of BL Technology and Tony Gill, Managing Director of Lucas.

I thought the following important points emerged:

a. Austin-Rover had not previously understood the difference between a permissive directive and a mandatory directive and had assumed that the limits agreed last week would be enforced in the United Kingdom. Their estimates of cost were in part based on this misunderstanding. BL said that they were confident of meeting an 11 grams per test figure for hydro-carbons and NOx with a simple lean-burn engine and a simple oxidation catalyst. But the revised figure of 8 grams per test might require the following additional complexities which Sharon gave in order of desirability:

i. an air pump to feed additional oxygen into the exhaust in front of the oxidation catalyst

ii. an oxygen sensor in the exhaust stream which would be linked with the air pump to give variability in the additional oxygen according to the engine conditions

iii. multiple point rather than single point fuelling in the engine itself.

Sharon indicated that the approximate costs in these three to the consumer would be £40, £70 and £140 respectively.

b. Sharon and Gill made it clear that, it was well known in the industry that, between the March and June meeting of environmental Ministers, the Germans had been determined to tighten the limits to an extent where they could no longer be met by simple lean-burn engines, where they realised that they would be at a commercial disadvantage because they had done no development work. They believed that the Germans had been largely successful in this commercial strategy but, now they realised the directive was permissive, felt that there remained an opportunity for the

UK, France and Italy to turn the tables. This could happen if these three countries set their own exhaust emission limits at a level (say about 10 grams per test for hydrocarbons and NOx combined) which could not be met by German engines with their normal air/fuel ratio, except by fitting three-way catalysts, but could be met by British, French and Italian lean-burn engines of a moderately simple variety. The Germans would then be faced with the options of either developing their own lean-burn engine technology in addition to three-way catalyst technology which would obviously be costly in development terms, or else fitting three-way catalysts to the cars they sold in the British, French and Italian markets which would substantially increase their cost per car. Clearly no such commercial advantage would accrue if the three countries adopted the permissive directorate. Equally, if we stayed with the present arrangements, the Germans could meet them with their conventionally engined cars which would essentially be their models for their domestic market without the three-way catalyst.

c. Because neither Gill nor Sharon had understood the position of a permissive directorate, they both went away to think further about the commercial opportunities which it represented, and I gather they may well talk to their counterparts in the French, and possibly the Italian, industry.

d. Sharon also accepted my assessment that, on the assumption of a 10 gram per test limit in the UK/France/Italian market, Austin Rover's options for the German (and Scandanavian and Benelux) markets were to develop enhanced lean burn technology for these markets or to fit three-way catalysts to the cars developed for the former market.

e. Sharon also reiterated the points about diesel engines, automatic transmission and tolerances which your Secretary of State mentioned in a meeting earlier this week.

2. It seems to me that this conversation highlighted the commercial considerations which should influence the UK's own policy on vehicle emissions following the agreement to the permissive directive. It would appear that there is a clear opportunity for reversing the commercial advantage which the Germans gained through their influence on the Commission, between the March and June environmental meetings and that urgent attention needs to be given to this in your Department and perhaps in Whitehall more generally.

3. In addition, it would seem appropriate that we should continue to have discussions with French and Italian colleagues to try and maintain the coherence and integrity of our car markets, because their commercial interests appear to lie very close to ours.

4. I am copying this minute to Mr Waldegrave and to the private offices of the other Ministers who were present at the Prime Minister's meeting on 1 July.

RBN.

ROBIN NICHOLSON

CONFIDENTIAL

Fly

Foreign and Commonwealth Office

London SW1A 2AH

5 July 1985

Dear Rachel,

Vehicle Emissions

At the Environment Council on 27/28 June, Mr Waldegrave placed an ad referendum reserve on the conclusions dealing with vehicle emisions. The issue was subsequently discussed at a meeting under the Prime Minister's chairmanship. I enclose a copy of the record and of UKRep Brussels telno 2469 recording the discussion in COREPER Deputies on 3 July when the UK representative said that we expected to be able to clarify our position at the next meeting of the Council, ie ECOFIN on 8 July.

The Chancellor will need to be able to make our position clear at ECOFIN. Following the meeting chaired by the Prime Minister and subsequent inter-Ministerial discussions, the Foreign Secretary recommends the Chancellor of the Exchequer should say at ECOFIN:

> "The United Kingdom representative said in COREPER last Wednesday that we would, at this Council, make clear our position on the ad referendum reserve which we placed on the conclusions of the last meeting of the Council of Ministers (Environment) on 27/28 June.
>
> The United Kingdom can now lift its ad referendum reserve. However, before the Directive can be adopted the outstanding technical issues must be resolved."

I am sending copies of this letter to Andrew Turnbull (No 10), John Ballard (Department of the Environment), John Mogg (Department of Trade and Industry), Richard Allan (Department of Transport), Sir Robin Nicholson and Richard Hatfield (Cabinet Office).

Yours Sincerely

Colin Budd

(C R Budd)
Private Secretary

Ms Rachel Lomax
PS/Chancellor of the Exchequer
HM Treasury

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Mr Wall ECD(I) 271

cc PS
PS/Mr Rifkind
Mr Braithwaite
Mr Renwick
Mr Blatherwick (ESSD)
Mr A. Ferguson
CRBudd 2/7

10 DOWNING STREET

From the Private Secretary

1 July, 1985.

Dear John,

VEHICLE EMISSIONS

The Prime Minister held a meeting today to discuss EC standards for vehicle emissions. Present were the Secretaries of State for Trade and Industry, the Environment, and Transport, Mr. Rifkind, Mr. Waldegrave, and Mr. Butcher. Also present were Sir Robin Nicholson and Mr. Williamson (Cabinet Office).

The Secretary of State for the Environment said that negotiations at last week's Council in Luxembourg had proved very difficult as it became apparent that the Germans were resiling from the agreement provisionally reached at the Council on 20 March. Discussion had centered on the standards to be set for the middle range of cars between 1.4 and 2.0 litres. Prompted by the UK, the French had suggested combining the limits for hydro carbons and NOx. The combined limit had the advantage that any additional improvement in hydro carbon emissions would contribute to an easing of the NOx limit. At its discussion in March, E(A) had agreed that the UK should accept an outcome which was achievable with lean burn technology. The figures for Option 2 in the papers for that meeting had implied a range of 7-12 grammes per ECE test for hydro carbons plus NOx, although they were expressed separately at that time.

Following difficult negotiations a combined figure of 8 grammes per ECE test had emerged. It was believed that this was the lowest to which the Germans were prepared to go. The alternative was, therefore, no agreement or a different arrangement in which the market was divided at the 1.7 litre mark, with three-way catalysts for the larger cars so defined. After consulting the Ministers in London, Mr. Waldegrave had agreed to the 8 gramme limit ad referendum to his colleagues. The Secretary of State for the Environment believed that this agreement was not only within the E(A) remit, but was better than no agreement or an agreement which denied lean burn technology to the medium-sized cars. He recommended that the UK representative at the COREPER meeting on Wednesday should be authorised to lift the reserve.

The Secretary of State for Transport strongly supported lifting the reserve. He believed that the outcome of the negotiations was a successful one for the UK, and that BL

and Ford should be able to meet the standards set. The Government should not allow BL to use the issue to bargain for an expansion of its capital expenditure programme.

The Secretary of State for Trade and Industry said it was not clear whether the standards could be met by lean burn technology alone. This would force the motor industry to continue a costly, and perhaps unnecessary, catalyst development programme as a safeguard. He had advised that the UK should not sign up on standards which BL did not believe it could meet. He pointed out that Ford was spending £150 million on a catalyst programme which BL would have to match. Before the UK agreed to lift its reserve, answers were required to a number of questions. Would Germany adhere to this agreement or would they opt for still higher standards? What standards would France, Italy and Spain adopt? There were also a number of technical questions to be resolved, such as the definition of the European Test Cycle, and the tolerance being allowed for automatic transmissions.

In discussion doubts were expressed about how much BL would need to spend on achieving the standards suggested. Much of the development of catalysts had been undertaken by Johnson Matthey for the industry as a whole. The proposed standards could still be achieved with a single catalyst though this might have to be rather more advanced than originally envisaged.

Summing up the discussion, the Prime Minister said the balance of advantage lay in confirming the agreement provisionally reached in Luxembourg. The UK representative at COREPER should be authorised to say that the UK was likely to raise its reserve at the next Council. In the meantime, the Council working group should be convened as soon as possible to clarify the issues raised by the Secretary of State for Trade and Industry. The UK should seek to agree with France, Italy and Spain that higher emissions than those specified in the directive would be permitted in their markets.

I am sending copies of this letter to Len Appleyard (Foreign and Commonwealth Office), John Mogg (Department of Trade and Industry), and Richard Allan (Department of Transport), and to Sir Robin Nicholson and Mr. Williamson (Cabinet Office).

Yours sincerely

Andrew Turnbull

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

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TO IMMEDIATE FCO
TELEGRAM NUMBER 2469 OF 3 JULY

MWS 261/4

COREPER DEPUTIES 3 JULY.

VEHICLE EMISSIONS.

SUMMARY.

1. PRESIDENCY REQUESTED REPORT FROM U.K. AND DENMARK ON RESERVES ON 27 JUNE AGREEMENT. DENMARK HAD NOTHING TO ADD.
U.K. SAID THEIR POSITION WAS STILL BEING DISCUSSED IN LONDON AND THAT THEY EXPECTED TO BE ABLE TO CLARIFY IT AT NEXT MEETING OF COUNCIL OF MINISTERS.

DETAIL.

2. FEYDER (CHAIRMAN) SAID PRESIDENCY WANTED TO FINALISE VEHICLE EMISSIONS DIRECTIVE AS SOON AS POSSIBLE: WORKING GROUP WOULD LOOK AT REMAINING PROBLEMS NEXT WEEK. COULD DENMARK AND U.K. LIFT THEIR RESERVES?

3. ELLIOTT (UK) SAID THAT THE U.K. POSITION WAS STILL BEING DISCUSSED IN LONDON. SOME PROGRESS HAD BEEN MADE, AND THE U.K. EXPECTED TO BE ABLE TO CLARIFY THEIR POSITION AT THE NEXT MEETING OF THE COUNCIL OF MINISTERS (ECOFIN ON 8 JULY). HE WOULD LIKE THE COUNCIL WORKING GROUP TO CLARIFY AS SOON AS POSSIBLE A NUMBER OF SIGNIFICANT TECHNICAL ISSUES WHICH HAD NOT YET BEEN SATISFACTORILY RESOLVED.

4. GALLI (ITALY) SAID THAT ECOFIN WOULD NOT NORMALLY DISCUSS THE ISSUE, AND THAT IT WOULD BE USEFUL FOR COREPER TO MEET BEFOREHAND, PERHAPS ON THE SAME DAY. FEYDER TOOK NOTE, AND REMINDED U.K. THAT WORKING GROUP WAS DUE TO MEET ON 11 JULY. ELLIOTT THOUGHT AN EARLIER DATE COULD BE CONSIDERED.

5. CECCHINI (COMMISSION) NOTED THAT MINISTERS OF THE NORDIC GROUP AND OTHERS, INCLUDING DENMARK, FRG AND NETHERLANDS WERE MEETING IN STOCKHOLM ON 5 JULY, WITH EXPERTS CONVENING THE PREVIOUS DAY. THE COMMISSION WOULD BE REPRESENTED. THE COMMISSION'S PURPOSE WOULD BE TO PERSUADE THE MEETING TO ACCEPT IN NON COMMUNITY COUNTRIES THE SAME STANDARDS THAT HAD BEEN AGREED AT THE ENVIRONMENT COUNCIL.

/6. RYTTER.

5. RYTTER (DENMARK) SAID HIS GOVERNMENT'S POSITION HAD NOT CHANGED.

FCO ADVANCE TO:
FCO - RENWICK, WALL, SAWERS, GRAY.
CAB - WILLIAMSON, JAY, SHEARER.
DTI - LACKEY, MORRIS.
DOE - GRUFFYD-JONES, FISK, REYNOLDS, MORRISON.
D/EN - MUNRO.
D/TP - LYNESS, FENDICK.

BUTLER

(ADVANCED AS REQUESTED)

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COPIES TO
ADVANCE ADDRESSEES

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TO IMMEDIATE UKREP BRUSSELS
TELEGRAM NUMBER 234 OF 2 JULY
AND TO IMMEDIATE STOCKHOLM
INFO ROUTINE OTHER EC POSTS
COREPER 3 JULY: VEHICLE EMISSIONS

1. OBJECTIVE. WHILE INDICATING LIKELIHOOD THAT UK'S AD REFERENDUM RESERVE WILL BE RAISED, TO MAKE CLEAR THAT THE AGREEMENT REACHED BY LAST WEEK'S ENVIRONMENT COUNCIL IS A DIFFICULT ONE FOR THE UK TO ACCEPT AND THAT WE WILL NEED SATISFACTORY RESOLUTION OF A NUMBER OF IMPORTANT OUTSTANDING TECHNICAL POINTS.

2. LINE TO TAKE.

(A) UK HAS CONSIDERED CAREFULLY THE CENTRAL PACKAGE ON CATEGORIES, VALUES AND IMPLEMENTATION DATES PUT TOGETHER ON 27/28 JUNE. WE BELIEVE THAT THIS WILL BE A VERY AMBITIOUS SET OF TARGETS FOR INDUSTRY TO ACHIEVE AND THAT THEIR ABILITY TO DO SO WILL DEPEND, IN PART, ON SATISFACTORY SETTLEMENT OF A NUMBER OF OUTSTANDING TECHNICAL POINTS IN THE DRAFT DIRECTIVE.

(B) BELIEVE THAT THE UK WILL BE PREPARED TO LIFT ITS AD REFERENDUM RESERVE ONCE A NUMBER OF TECHNICAL ISSUES HAVE BEEN SETTLED. SATISFACTORY SOLUTIONS WILL BE REQUIRED ON:

(I) TOLERANCE FOR CARS WITH AUTOMATIC TRANSMISSION

(II) ARRANGEMENTS FOR DIRECT INJECTION DIESEL WHICH MUST ENSURE COHERENCE BETWEEN GASEOUS EMISSION LEVELS AND PROPOSALS DUE SHORTLY FOR PARTICULATES TO AVOID PROBLEMS ENCOUNTERED IN US

(III) DEFINITION OF OFF ROAD VEHICLES

(IV) METHOD OF CALCULATING US TEST CYCLES IN EUROPEAN TES HOUSES

(V) PARAMETERS FOR IMPLEMENTING AN OPTIONAL DIRECTIVE

CONTAINING A SERIES OF STANDARDS FOR DIFFERING CATEGORIES OF VEHICLES.

3. BACKGROUND. MINISTERS AGREED ON 1 JULY THAT THE BALANCE OF ADVANTAGE LAY IN CONFIRMING THE AGREEMENT REACHED PROVISIONALLY IN LUXEMBOURG, THAT WE SHOULD INDICATE THAT THE UK WAS LIKELY TO RAISE ITS RESERVE IN DUE COURSE BUT THAT IN THE MEANTIME THE COUNCIL WORKING GROUP SHOULD MEET AGAIN TO RESOLVE A NUMBER OF TECHNICAL ISSUES, SOME OF WHICH ARE FELT PARTICULARLY KEENLY BY BRITISH LEYLAND.

4. YOU SHOULD NOT DISGUISE THE DIFFICULTIES WE FACE IN AGREEING TO THE STANDARDS REACHED IN LUXEMBOURG.

5. OF THE TECHNICAL POINTS IN PARAGRAPH 2 ABOVE, (I) AND (II) ARE FAMILIAR TO YOU. (III) IS OF CONCERN TO LANDROVER. (IV) RELATES TO THE UNFAVOURABLE CRITERIA PROPOSED BY THE COMMISSION TO APPLY THE US TEST CYCLE IN WHICH VEHICLES ARE NORMALLY TESTED AT 50,000 MILES TO EUROPEAN TEST HOUSES WHICH TEST VEHICLES AT 3,000 KILOMETRES. ON (V) OUR CONCERN IS TO SECURE ARRANGEMENTS WHICH WILL ALLOW INDIVIDUAL MEMBER STATES TO DECIDE WHETHER TO IMPLEMENT THE DIRECTIVE IN FULL BUT WILL NOT ALLOW THEM TO ESTABLISH LESS STRINGENT STANDARDS AT CAPACITY BANDS WHICH SUIT ONLY THEIR OWN MANUFACTURERS.

6. FOR STOCKHOLM. THE STOCKHOLM GROUP OF TEN IS DUE TO MEET ON 4 JULY. WE UNDERSTAND THE SCANDANAVIAN COUNTRIES ARE LIKELY TO WANT TO ADOPT THE NEW EC STANDARDS FOR INDUSTRIAL/CONSUMER REASONS ALTHOUGH THIS WILL DOUBTLESS BE PRESENTED GRUDGINGLY FOR DOMESTIC CONSUMPTION. IF YOU CONSIDER IT APPROPRIATE, YOU COULD MAKE CLEAR TO THE SWEDES, BEFORE THE 4 JULY MEETING, THAT ONLY DENMARK IS LIKELY TO HAVE AN OUTSTANDING RESERVE ON THE VALUES IN THE CENTRAL PACKAGE AGREED LAST WEEK IN LUXEMBOURG YOU SHOULD, HOWEVER, BE CAUTIOUS ABOUT THE PROSPECT FOR EARLY ADOPTION OF A NEW DIRECTIVE AS THERE ARE SEVERAL IMPORTANT TECHNICAL ISSUES TO BE RESOLVED.

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WRITTEN PARLIAMENTARY QUESTION AND ANSWER

Mrs Anna McCurley - To ask the Secretary of State for the Environment, whether he will make a statement about the outcome of the Council of Environment Ministers' meeting on 27 June.

DRAFT ANSWER

MR.WILLIAM WALDEGRAVE

I was accompanied at this meeting by my hon Friend the Member for Coventry, South West, Parliamentary Under Secretary at the Department of Trade and Industry.

In the context of a proposed Directive on standards for car exhaust emissions the Council reached an agreement, ad referendum in the case of the United Kingdom and subject to a general reserve by Denmark. The United Kingdom hopes to confirm its agreement at an early meeting of the Council; meanwhile a number of outstanding technical points remain to be satisfactorily clarified.

The standards in the agreement are as follows:

Category of vehicle (1)	Implimentation dates (2)	Grammes per ECE test		
		Carbon Monoxide	Hydrocarbons and nitrogen oxides	Nitrogen oxides
More than 2 litres (3)	1988/89	25	6.5	3.5
1.4 - 2 litres	1991/93	30	8.0	No separate limit
Less than 1.4 litres				
Stage 1	1990/91	45	15.0	6.0
Stage 2	1992/93	Limits to be decided before the end of 1987		

(1) The table sets out the type approval limits for passenger cars. Diesel engined cars of more than 2 litres are treated as if their cubic capacity lies between 1.4 and 2 litres.

(2) The date in each year is 1st October. The first date is the earliest that Member States may require new type approvals to meet the standard. The second date is the earliest that Members States may require all newly registered cars to meet the standard.

(3) Cars in this category which satisfy US 1983 test criteria will also qualify for Community type approval. The duration of the availability of this alternative will be settled in the light of decisions, to be taken by the end of 1987, on the new European test cycle.

Subject to a Parliamentary reserve by the United Kingdom the Council discussed a proposed directive to provide limit values and quality objectives for discharges of certain dangerous substances to the aquatic environment. Progress was made in examining the text and towards the inclusion of DDT and pentachlorophenol but no decisions were reached on the proposal to include chloroform and carbon tetrachloride.

A brief discussion on the proposed directive on the disposal of waste from the titanium dioxide industry indicated that all member states wished to see the reduction or elimination of pollution from this source but there was no agreement on how this should be achieved. The proposal was remitted for further consideration at the next Environment Council.

All member states welcomed a new proposal for a directive to continue indefinitely as from 1 October the present ban on the importation into the Community of skins of harp and hooded seal pups and products derived therefrom. This was remitted for urgent examination with a view to early agreement.

Substantial agreement was reached on a proposed directive to restrict further the marketing and use of polychlorinated biphenyls (PCBs) and polychlorinated terphenyls (PCTs). Member states will be obliged to prohibit the new use of these substances in existing applications by July 1986. The new measures will apply to preparations (including used oils) with a PCB/PCT content higher than 0.01% by weight.

The Council received an interim report on the Commission's review of the technological and economic implications of the proposed directive on the control of emissions from large combustion plants.

The Commission responded to my earlier requests with a statement on progress towards the integration of the environmental and agricultural policies in the Community. This work will be reflected

in the "Green Paper", which the Commission intends to publish in July on the prospects for the CAP, for the purposes of public consultation. This will be followed by a full report on the subject of the integration of these policies to be given to the next meeting of the Environment Council in November.

I introduced a memorandum calling for Community action to encourage the widespread production and sale of decorative paint containing no deliberately added lead. This was very favourably received and the Commission will examine the question and bring forward appropriate proposals for consideration by Ministers.

The Council formally adopted previously agreed directives on the assessment of the environmental effects of certain public and private projects and on containers of liquids for human consumption, and a decision on a Commission work programme concerning an experimental project for information on the state of the environment and natural resources in the Community. Other instruments adopted were a regulation to amend the protection given to cyclamen under a previous Council regulation implementing within the Community the Convention on International Trade in Endangered Species, and a decision on a supplement in respect of cadmium to the Convention of the Rhine against chemical pollution.

CONFIDENTIAL

bc. R. Lomax, HMT.
P. Warry

JD3 ABL

10 DOWNING STREET

From the Private Secretary

1 July, 1985.

cc MASTER SET

VEHICLE EMISSIONS

The Prime Minister held a meeting today to discuss EC standards for vehicle emissions. Present were the Secretaries of State for Trade and Industry, the Environment, and Transport, Mr. Rifkind, Mr. Waldegrave, and Mr. Butcher. Also present were Sir Robin Nicholson and Mr. Williamson (Cabinet Office).

The Secretary of State for the Environment said that negotiations at last week's Council in Luxembourg had proved very difficult as it became apparent that the Germans were resiling from the agreement provisionally reached at the Council on 20 March. Discussion had centered on the standards to be set for the middle range of cars between 1.4 and 2.0 litres. Prompted by the UK, the French had suggested combining the limits for hydro carbons and NOx. The combined limit had the advantage that any additional improvement in hydro carbon emissions would contribute to an easing of the NOx limit. At its discussion in March, E(A) had agreed that the UK should accept an outcome which was achievable with lean burn technology. The figures for Option 2 in the papers for that meeting had implied a range of 7-12 grammes per ECE test for hydro carbons plus NOx, although they were expressed separately at that time.

Following difficult negotiations a combined figure of 8 grammes per ECE test had emerged. It was believed that this was the lowest to which the Germans were prepared to go. The alternative was, therefore, no agreement or a different arrangement in which the market was divided at the 1.7 litre mark, with three-way catalysts for the larger cars so defined. After consulting the Ministers in London, Mr. Waldegrave had agreed to the 8 gramme limit ad referendum to his colleagues. The Secretary of State for the Environment believed that this agreement was not only within the E(A) remit, but was better than no agreement or an agreement which denied lean burn technology to the medium-sized cars. He recommended that the UK representative at the COREPER meeting on Wednesday should be authorised to lift the reserve.

The Secretary of State for Transport strongly supported lifting the reserve. He believed that the outcome of the negotiations was a successful one for the UK, and that BL

and Ford should be able to meet the standards set. The Government should not allow BL to use the issue to bargain for an expansion of its capital expenditure programme.

The Secretary of State for Trade and Industry said it was not clear whether the standards could be met by lean burn technology alone. This would force the motor industry to continue a costly, and perhaps unnecessary, catalyst development programme as a safeguard. He had advised that the UK should not sign up on standards which BL did not believe it could meet. He pointed out that Ford was spending £150 million on a catalyst programme which BL would have to match. Before the UK agreed to lift its reserve, answers were required to a number of questions. Would Germany adhere to this agreement or would they opt for still higher standards? What standards would France, Italy and Spain adopt? There were also a number of technical questions to be resolved, such as the definition of the European Test Cycle, and the tolerance being allowed for automatic transmissions.

In discussion doubts were expressed about how much BL would need to spend on achieving the standards suggested. Much of the development of catalysts had been undertaken by Johnson Matthey for the industry as a whole. The proposed standards could still be achieved with a single catalyst though this might have to be rather more advanced than originally envisaged.

Summing up the discussion, the Prime Minister said the balance of advantage lay in confirming the agreement provisionally reached in Luxembourg. The UK representative at COREPER should be authorised to say that the UK was likely to raise its reserve at the next Council. In the meantime, the Council working group should be convened as soon as possible to clarify the issues raised by the Secretary of State for Trade and Industry. The UK should seek to agree with France, Italy and Spain that higher emissions than those specified in the directive would be permitted in their markets.

I am sending copies of this letter to Len Appleyard (Foreign and Commonwealth Office), John Mogg (Department of Trade and Industry), and Richard Allan (Department of Transport), and to Sir Robin Nicholson and Mr. Williamson (Cabinet Office).

Andrew Turnbull

John Ballard, Esq.,
Department of the Environment.

Qz.04532

MR TURNBULL

VEHICLE EMISSIONS

--- In response to your request I attach a short note on vehicle emissions.

I am sending a copy to Sir Robert Armstrong and Sir Robin Nicholson.

D F Williamson

D F WILLIAMSON

1 July 1985

VEHICLE EMISSIONS

The Ministerial responsibilities are as follows:-

(1)	vehicle safety and environmental standards in the United Kingdom	-	Secretary of State for Transport
(2)	the vehicle industry	-	Secretary of State for Trade and Industry
(3)	environment	-	Secretary of State for the Environment.

2. Because the Council of Ministers was meeting as an Environment Council, the Minister responsible for the negotiation in that Council was the Parliamentary Under-Secretary of State, Department of the Environment (Mr Waldegrave). He was accompanied by the Parliamentary Under-Secretary of State, Department of Trade and Industry (Mr Butcher) and at official level by the United Kingdom's Deputy Permanent Representative in Brussels (Mr Elliott), by the Department of Trade and Industry Under Secretary responsible for European commercial and industrial policy (Miss Lackey) and by the head of the division in the Department of Transport responsible for policy and legislation on vehicle safety and environment standards (Mr Lyness).

3. E(A) decided on 1 March (E(A)(85) 5th Meeting) ". . . that the United Kingdom's aim should continue to be a permissive directive with United States level emission standards being set only for cars over two litres. The United Kingdom representative at the Environment Council on 7 March should therefore support Option 2, even if the United Kingdom was isolated in blocking a directive . . . The United Kingdom should also resist any pressure to reduce the bottom of the large car range to below 2 litres or the top of the small car range to below 1.4 litres. The United Kingdom could, however, show some flexibility on other details, such as the dates of the introduction of the new standards."

/4.

4. In introducing his paper at that meeting, the Minister of State, Department of Trade and Industry (Mr Lamont) stated that "For small and medium cars, however, the second option provided for the adoption in two stages of tighter standards which could be achieved without the use of 3-way catalysts. He proposed that the United Kingdom should support the second option, which would be in accordance with the Sub-Committee's previous conclusions. It was acceptable to Ford and other European manufacturers. Although British Leyland had expressed reservations and claimed that it would cost them an extra £250 million he did not accept this figure."

5. In the paper submitted to E(A) (E(A)(85) 12) by the Minister of State, Department of Trade and Industry, Option 2 was described for medium cars as a permissive regulation which would permit:

(i) application of values achievable by advanced combustion systems (lean-burn engines) by 1989;

(ii) a further reduction before end 1994 achievable by lean-burn engine plus simple oxidation catalysts.

6. In order to avoid any misunderstanding about the definition of Option 2 the Cabinet Office circulated a note by officials to all Departments before the E(A) meeting describing the various options under discussion at that time. The figures for Option 2 for medium cars were the range 7 - 12 grammes per ECE test for hydrocarbons plus nitrogen oxides together (although they were expressed separately at that time).

7. On 20 March the Council of Ministers (Environment) reached an outline agreement on vehicle emissions which included the phrase: "for cars between 1.4 and 2 litres the European standards should be achievable by simple (ie single point fuelling) lean burn techniques combined with oxidation catalysts".

/The

The meeting of the Council of Ministers (Environment) on 27 June was called in order to put this decision of principle into effect with specific figures. It remained true that the mandate for the United Kingdom's representative was that set by E(A) on 1 March.

8. In his letter of 17 June to the Foreign and Commonwealth Secretary the Secretary of State for the Environment suggested that the United Kingdom should seek an agreement on:

HC + NOx	NOx
10	5.5
(or if necessary 9.5)	

In the event, the result was that the figure for NOx was completely deleted but the combined figure for HC + NOx was set at 8. These were the figures to which the Parliamentary Under-Secretary of State, Department of the Environment agreed only ad referendum to his colleagues. The figure for HC + NOx is lower than the objective set in the letter from the Secretary of State for the Environment of 17 June but it falls within the figures approved by E(A).

9. It is essential to keep in mind that this directive is a permissive directive, ie there is no obligation for the United Kingdom to apply these figures in the domestic market and, in the earlier discussions between Departments, it was assumed that they would not be so applied. The only question at issue, therefore, is whether these figures will be applied to our exports to the German market and possibly to other Community markets.

/10.

10. The estimated exports of Austin Rover cars in the 1.4 - 2 litre range in 1984 to the main Community export markets which might be affected are:-

	No. of cars
Germany	500
France	1500
Italy	1000
Benelux	1100
Republic of Ireland	130
	4230

Since total output of Austin Rover cars is about 400,000, this represents about 1 per cent of their total production. They have, however, plans for expansion of their exports of cars in the 1.4 - 2 litre category.

Cabinet Office
1 July 1985

PRIME MINISTER 28 June 1985

ACID RAIN: THIRTY PER CENT CLUB - E(A) MEETING

On Monday 1 July 1985, E(A) will consider Patrick Jenkin's proposal that, at the Helsinki Convention in July, the UK should join the 21 member countries of the United Nations Economic Commission for Europe who have indicated their willingness to sign this agreement. The issues are as follows:

a. Procrastination

For: Peter Walker will urge this option. He will say more time is necessary to assess more accurate predictions on whether we will reach the 1993 target for SO_2 emissions, or whether it will be costly to reduce - and, if so, how costly. In any event, joining the 30% may be expensive, he will say, because we may also be forced into a similar NO_x club. He will say SO_2 reductions for 1984 resulted from the miners' strike, and therefore SO_2 emissions may rise before 1993.

Against: Patrick Jenkin will oppose this because of international pressure from Germany, Norway and Sweden; and because the fall in emission from 1980-85 has been 25%, and we need only another 5% between 1985 and 1993. This is likely, he will say, because manufacturing

industry places diminishing reliance on the gulching chimney; and he will rebut the miners' strike point by saying that last year we imported oil with a high sulphur content. Therefore the fall last year was part of the trend downwards, not a quirk of Scargill's making. He will rebut the NO_x point by saying we can negotiate an acceptable deal on this, and it need not be expensive. If we do not join, we may be forced to do so in a few years' time and buy costly foreign equipment.

b. The Jenkin Option: Join the club but do nothing else

For: Patrick Jenkin will say this will save the Government's excellent record on the environment from being tarnished here and abroad. This issue is building up steam. It is the inexpensive option because we can achieve 30% club without cost (and even if not, the Treaty has no more than declaratory force!). Now we have solved our EEC budget wrangle, it is argued that we should not throw away our new good European image by not joining.

Against: Peter Walker will repeat this is procrastination argument.

Conclusion

Both options have their unpalatable side, but we believe Patrick Jenkin's approach to be right, politically. Sir Robin

Nicholson's view on the science of the issue lends some support. Patrick Jenkin's answer to why he did not take this line last year is that he has been put under increased conservation pressure at home (SDP challenge, etc) and abroad; and also he points to the reducing trend in manufacturing emissions.

HB.

HARTLEY BOOTH

PRIME MINISTER P 01567

FLAG A ACID RAIN: 30% CLUB (E(A)(85)34)
(Memorandum by the Secretary of State for the Environment)

BACKGROUND

1. The "30% Club" is composed of 21 countries committed to a 30% reduction in their 1980 total national sulpher dioxide emissions by 1993. The UK is not a member. The Government's policy on acid deposition was agreed at a meeting of Ministers which you chaired on 19 June 1984, and set out in the White Paper "Acid Rain" published in December 1984. This pointed to the British record in sulphur emissions control (reduction of nearly 40% since 1970) and stated that the UK intended to achieve further reductions in sulphur dioxide emissions aiming at a reduction of 30% in 1980 levels by the end of the 1990s. It declined, however to join the "30% Club" as it was not clear that this objective could be met without substantial expenditure.

2. At the next meeting of the Executive body of the Convention on Long-Range Transboundary Air Pollution in Helsinki on 8-12 July, 21 countries including all our European allies will sign a protocol reaffirming the "30% Club's" commitment.

3. There is general agreement that since the June 1984 meeting there has been no material change in the scientific or technical background to the issue of acid deposition. Therefore any change in the UK policy would be primarily on the basis of political or diplomatic considerations.

Proposals

4. The Secretary of State for the Environment proposes that the UK take this opportunity to join the "30% Club" and sign the protocol. He favours this on the grounds that:-

(a) the UK would otherwise be isolated;

(b) there is political pressure at home and overseas for us to join;

(c) we shall probably achieve the "30% Club" target by 1993 in the natural course of events, without taking any specific measures; and even if we do not, we shall not be alone and the consequences will not be serious;

(d) to join might help rather than hinder our position on the draft EC Directive on Emission of Controls from Large Combustion Plants.

The timing of the proposal has not allowed preliminary discussions through the usual official machinery.

5. The Secretary of State for Energy is likely to resist joining the "30% Club" on the grounds that:

(a) the UK are most unlikely to meet the "30% Club's" target in the natural course of events;

(b) we will come under renewed pressure to take specific measures to meet the target with the substantial costs falling on the Central Electricity Generating Board (CEGB) and on British industry;

(c) this could be the first step towards more onerous commitments by members of the "Club".

MAIN ISSUES

6. The main issues are:

(a) political implications;

(b) UK prospects of meeting the "30% Club" target;

(c) what happens if the UK fails to meet the "30% Club" target;

(d) the prospect of more onerous commitments; and

(e) implications for the draft EC Directive on Emission Controls for large combustion plants.

Political Implications

7. The essential difficulty facing the UK is that this country relies much more heavily on coal for its primary energy requirements than any other country in Western Europe (and has a much larger coal output, both relatively and absolutely than the other W. European countries). This is why the UK is, as Mr Jenkin admits, the largest source of sulphur emissions. Action to reduce sulphur emissions would therefore cost the UK economy much more, relatively and absolutely, than it would cost our European partners. International pressure on theUK over our acid deposition policy will continue, and probably increase, over the next few years. The main focus of this pressure is the position of the UK as the only western European country with significant sulphur emissions which has not joined the "30% Club". At home, the Environment Committee, the Royal Commission on Environmental Pollution and many members of the Conservative Party are uneasy about the present policy. If the UK joins the "30% Club", there might be some reduction in the pressure both overseas and domestically. On the other hand, it might seem odd for the UK, having rejected the notion of joining the "30% Club" in its White Paper last December, now to be joining the "Club" without undertaking additional control measures. Mr Jenkin believes this position could be sustained on the basis of recent emission trends.

UK Prospects of meeting the "30% Club" target

8. Mr Jenkin argues that the UK is well on course to meet the "Club"

target of 30% reduction by 1993. However, his paper for your meeting on acid deposition in June 1984 said that there were "substantial uncertainties" about this. His new paper quotes provisional figures for 1984 which show a fall of about 25% on the 1980 figures, as against the 1983 figures which showed a fall of 21%, but contains no other evidence to support his change of judgement. The key question is whether this fall will be sustained as the economy expands and energy demand increases.

9. There are real doubts whether the recent trend of decline in sulphur emissions can be maintained. Much of this is attributable not to a general process of cleaner combustion widely spread round industry, but to substantial changes such as the closure of old steel plants. The 1984 figures are thought by the Department of Energy to be unrepresentative, because there was a fall in non-electricity consumption of coal as a result of the miners' strike; the NCB will have to recapture this market if it is to achieve any improvement in its financial performance. (It is doubtful whether there was much reduction last year in CEGB emissions; although coal-burn fell, this was balanced by increased consumption of higher sulphur fuel oil, and much of the coal actually burnt was of very poor quality.) For the future, electricity demand is said to be increasing, and the nuclear capacity under construction - about 10 per cent of present generating capacity - will do no more than affect the impact of future demand growth. No significant contribution from Sizewell and its successors, if they go ahead, will be within the 1993 timescale.

What if the UK fails to meet the "30% Club" target?

10. An economic upturn and a rise in energy demand could mean that the UK would fail to meet the "30% Club" target. But Mr Jenkin does not think the UK should "agonize too much over the consequences" of missing the target by a few per cent for a few years. Some other countries are signing up with little idea of whether or how they will achieve the target, and there is no reason why the UK should notdo

the same given recent emission trends. Theargument against this is that if in a few years it becomes clear that the UK will fail to achieve the target, pressure could mount for the Government then to take specific measures to make sure that it honours it undertakings. The 1984 White Paper concluded that these measures would involve flue gas desulphurisation at a number of power stations involving expenditure of several hundred million pounds, with control costs for industrial plants being even higher in relation to the emissions abated (White Paper, Cmnd 9397, Para 3.63, p 24). In this event, the electricity supply industry would probably argue that the bill for emission control should fall to the Government to pay. It can be argued, however, that pressure for further measures to control sulphur emissions will occur whether or not the UK is a member of the "30% Club".

The Prospect of More Onerous Commitments

11. Mr Jenkin argues that members of the "30% Club" now realise that it is wrong to set arbitrary targets and he does not believe they will do so in the future. The Swedes have said any further steps should be more scientifically based. As a prerequisite for the UK's accession to the protocol, Mr Waldegrave would seek informal assurances from the other key members of the "Club" that they would not be pressing for tighter measures based on arbitrary baselines.

Implications for the EC Draft Large Plants Directive

12. Mr Jenkin is not proposing any concessions on this Directive, which will continue to pose a problem in the coming months. Joining the "30% Club" is a quite separate matter, but it might make our negotiating position on the Draft Directive seem more respectable. On the other hand, given the UK's previous resistance to joining the "Club", which reflected our assessment of the disproportionately high costs involved, it could equally be argued that if we were now to accept the obligations of the "Club" we could not reasonably refuse

to take the action required to meet those obligations. On this basis, it could prove the more difficult for us to resist pressure to accept the Large Plant Directive.

HANDLING

13. The Foreign and Commonwealth Secretary is likely to support Mr Jenkin. The Chancellor of the Exchequer (because of potential public expenditure implications) and the Secretary of State for Trade and Industry (because of worries about extra costs to industry of emission controls and of fears of electricity price increases to pay for flue gas desulphurisation in power stations) are likely to support Mr Walker.

14. You will wish to invite the Secretary of State for the Environment to present his paper. The Secretary of State for Energy will wish to respond. The Foreign and Commonwealth Secretary will wish to comment on the foreign policy aspects. The Chancellor of the Exchequer and the Secretary of State for Trade and Industry will also wish to comment. Other Ministers may wish to contribute.

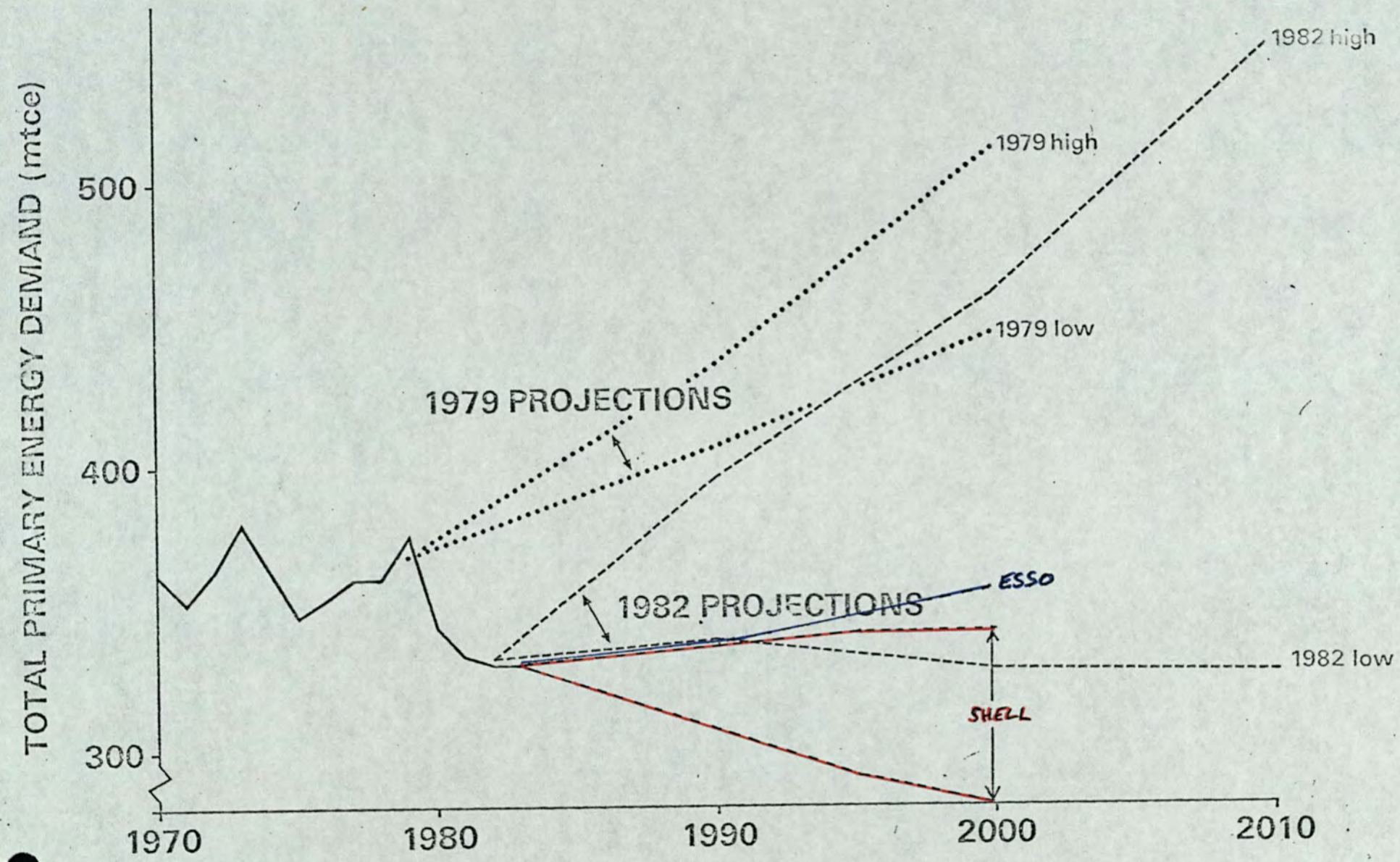
CONCLUSION

15. You will wish to reach a decision on whether the UK should join the "30% Club" at the Helsinki meeting and accede to the protocol calling for a 30% reduction in 1980 national sulphur dioxide emissions by 1993.

J B UNWIN

Cabinet Office
28 June 1985

ENERGY PROJECTIONS AND OUTTURN COMPARED



WO505 28 June 1985

PRIME MINISTER

ACID RAIN: 30% CLUB

The Secretary of State for the Environment is proposing that the United Kingdom should join the "30% Club", thereby committing us to a reduction of national emissions of sulphur dioxide by 1993 by 30% of their 1980 value. He is not proposing additional measures or additional expenditure; his argument rests on his confidence that this reduction can be achieved without them. Is this confidence justified and what are the consequences if we do not meet the 30% reduction by 1993?

2. The Department of Energy's current estimates for SO2 emissions, which are based on calculations made in 1982 for the Sizewell enquiry, are that in **1990** emissions will show a reduction of between **10%** and **28%** and in **2000** a reduction of between **5%** and **34%** . The Secretary of State for Environment's prediction of **30%** by **1993** is therefore very much at the upper end of the forecast range. The extent of the range is due primarily to uncertainty in the amount and nature of economic growth and the relation of this to energy consumption but also to the unknown rate of build of nuclear power stations. The reduction of **21%** from the 1980 value in **1983** is certainly encouraging but I would query the significance of the preliminary **25%** figure for **1984** quoted by the Secretary of State on account of the uncertain influence of the miners' strike.

3. I would judge the likelihood of meeting the 30% target in 1993 as possible rather than probable so what happens if, in the period 1990-1992, it is clear that we will be in the 20-25% reduction range rather than 30% by 1993? We can:

a. walk away from the 30% commitment; I judge this to be unacceptable although no doubt several of the vocal adherents to the 30% club will do just this.

b. retrofit existing coal fired stations with flue gas desulphurisation at a cost of £140m per station; we have regarded this as poor value for money and the Secretary of State is, at present, not proposing such a programme.

c. accelerate the rate of build of nuclear power stations so that we beat the 30% target but a few years late; our ability to do this will depend on the outcome of the Sizewell enquiry and finding solutions to current problems of radioactive waste disposal.

4. Thus if we sign the 30% Club protocol there is a **possibility** that we will meet the target without taking specific action and, if this fails, there is a possibility of taking remedial action through the economically sensible nuclear option.

5. As far as our scientific understanding of the processes and effects of acid deposition is concerned, there has been no significant change since the current Government policy was agreed in June 1984 but it is my judgement that the evidence in the next few years will enhance the link between sulphur dioxide emissions and environmental damage and will steadily undermine the scientific basis of the Government's present policy. This contrasts with our position on forest damage and vehicle emissions where future scientific evidence is likely to strengthen rather than weaken our position.

6. Balancing the risks and benefits of the Secretary of State's proposal, I believe it to be the right way to go but I suggest you make acceptance conditional on:

a. announcing the "bad news" at the same time as the good news, namely that:

i. we believe that joining the 30% Club plus the March agreement on vehicle emissions is an effective response to legitimate environmental concerns and that we will not agree to the present arbitrary and ill thought out proposal for a Community Large Plant Directive.

ii. we will not countenance further tightening of the environmental screw, eg a 40% club, unless and until other countries have a proven record in environmental improvement which is as good as ours.

b. a substantial improvement in the woeful performance of the Department of Environment on **presentation** of environmental policy (they fluffed the presentation of the June 1984 policy so that the UK got virtually no benefit from the package); I suggest the Lord President becomes involved in his role of coordination of policy presentation.

c. a commitment by the Department of Environment, with support from the FCO, to present and sustain a robust policy on radioactive waste disposal which pays attention to scientific facts rather than media hysteria; this is necessary to capitalise on a favourable outcome of the Sizewell enquiry and have an expanded nuclear programme as a viable "insurance" against failing to meet the 30% club target by natural means.

7. I am copying this minute to Sir Robert Armstrong.

RBN.

SIR ROBIN NICHOLSON

GR1180
CONFIDENTIAL
FRAME SOCIAL
DESKBY 281230Z FCO
DESKBY 281230Z MILAN
FM LUXEMBOURG 281120Z
TO IMMEDIATE FCO
TELEGRAM NUMBER 203 OF 28 JUNE 85.
AND TO IMMEDIATE UKREP BRUSSELS
INFO IMMEDIATE MILAN (FOR PRIME MINISTER'S PARTY).

CONFIDENTIAL

FROM UK REP BRUSSELS.

PERSONAL FOR PRIME MINISTER FROM MR WALDEGRAVE
26/28 JUNE ENVIRONMENT COUNCIL: VEHICLE EMISSIONS.

1. DETAILS OF THE 16 HOUR DISCUSSION ON VEHICLE EMISSIONS AND ITS OUTCOME ARE SET OUT IN LUX TEL NO 198. JOHN BUTCHER AND I REPRESENTED THE UNITED KINGDOM.

2. I REALISE THAT COLLEAGUES WILL WANT TO CONSIDER THIS FINELY BALANCED AGREEMENT, TO WHICH I ASSENTED AD REFERENDUM, BEFORE DECIDING WHETHER TO CONFIRM OR REJECT IT. THERE IS NO INTERMEDIATE CHOICE. OUR PARTNERS WILL ANXIOUSLY AWAIT AN EARLY DECISION.

3. I CONDUCTED THE NEGOTIATIONS THROUGHOUT WITHIN THE NOVEMBER E(A) REMIT AND I BELIEVE THE OUTCOME CONFORMS TO THE CONCLUSIONS OF THAT MEETING. I COMMEND IT ON THE FOLLOWING GROUNDS:-
(I) WE HAVE A COMMUNITY STANDARD FOR VEHICLE EMISSIONS WHICH THUS PRESERVES THE INTEGRITY OF THE INTERNAL MARKET AND REMOVES THE THREAT OF UNILATERAL ACTION BY THE RESTRICTIONIST MEMBER STATES:

(II) FOR MEDIUM SIZED CARS, WE HAVE SECURED AGREEMENT TO A COMBINED HC/NOX EMISSION STANDARD INSTEAD OF THE SEPARATE FIGURES PROPOSED BY THE COMMISSION AND PRESSED HARD BY THE GERMANS AND OTHERS. THIS GIVES MUCH GREATER FLEXIBILITY TO MANUFACTURERS AND REMOVES OR EASES THE PROBLEMS WE WOULD OTHERWISE HAVE FACED IN NEGOTIATING SATISFACOTRY ARRANGEMENTS FOR DIESEL CARS WITH AUTOMATIC TRANSMISSIONS:

(III) THE ACTUAL FIGURE OF 8 GRAMS PER TEST FOR THE COMBINED HC/NOX STANDARDS, THOUGH AT THE LIMIT OF LEAN BURN TECHNOLOGY FOR THE UPPER RANGE OF THE MEDIUM CATEGORY, CAN CERTAINLY BE ACHIEVED WITHOUT THREE-WAY CATALYSTS AND REPRESENTS THE ONLY POSSIBLE MEETING POINT BETWEEN THE OPPOSING CAMPS. FOR MUCH OF THIS DISCUSSION THE GERMANS AND DUTCH REFUSED ADAMANTLY TO CONTEMPLATE ANY FIGURE ABOVE 7, HAVING STARTED AT 5 AND MOVED ONLY RELUCTANTLY TO 5.5. I PRESSED 9.5 WITHOUT SUCCESS.

THE ITALIANS MADE IT KNOWN TO US EARLY ON THAT THEY COULD GO TO 7.5 AND THE FRENCH SEEMED AT ONE POINT TO WAVER. BUT WE WORKED IN CLOSE HARNESS WITH BOTH COUNTRIES THROUGHOUT THE DAY AND NIGHT AND IN THE FINAL STRETCH ALL THREE OF US STOOD FIRM ON 8 AS OUR ABSOLUTE LIMIT. THIS FINALLY BROUGHT THE GERMANS ROUND. I AM CONVINCED THAT THEY COULD AND WOULD NOT GO HIGHER:

(IV) WE FOUGHT OFF INITIAL COMMISSION AND PRESIDENCY ATTEMPTS TO RE-JIG THE VEHICLE CATEGORIES BY MAKING THE BREAK BETWEEN MEDIUM AND LARGE CARS AT 1700CC INSTEAD OF 2,000CC (THIS WAS DESCRIBED TO ME BY BOTH BL AND FORD AS THE WORST OUTCOME OF ALL): AS WELL AS LATER ATTEMPTS TO MAKE THE COMBINED HC/NOX FIGURE ONLY A TEMPORARY FEATURE, REVERTING IN A FEW YEARS TO SEPARATE HC AND NOX NORMS:

(V) THE DEAL INCLUDES A PERMANENT SOLUTION TO OUR JAGUAR PROBLEM: A LARGE CAR THAT MIGHT FAIL THE EC TEST WILL STILL GET COMMUNITY TYPE APPROVAL IF IT CAN SUBSEQUENTLY PASS THE US TEST.

(VI) IF ALL COMMUNITY COUNTRIES CAN SPEEDILY ACCEPT THE AGREEMENT, WE WILL HAVE PUT AN END TO THE DAMAGING UNCERTAITY OF THE PAST YEAR IN THE EUROPEAN CAR MARKET.

4. DESPITE THESE REAL GAINS, I ACKNOWLEDGE THAT THIS RESULT IS NOT IDEAL FOR THE UK AND FOR BRITISH LEYLAND IN PARTICULAR. I AM HOWEVER SURE THAT IT WAS THE ONLY BASIS ON WHICH AGREEMENT COULD BE REACHED.

5. THE GERMANS, BY ACCEPTING IT, HAVE ABANDONED THEIR PREVIOUSLY VIRULENT OPPOSITION TO THE COMMISSION FIGURES: MORE THAN THAT, THEY HAVE SWALLOWED A WEAKENING OF THOSE FIGURES BY THE ABOLITION OF THE SEPARATE NOX NUMBER. IF WE HAD FAILED TO AGREE OR IF WE REJECT THE AGREEMENT NOW IT IS MY JUDGEMENT THAT THE GERMANS AND THEIR ALLIES WILL BE BOUND TO WITHDRAW THOSE CONCESSIONS WHICH THEIR PARLIAMENTS WILL MAKE IT IMPOSSIBLE FOR THEM TO DEPLOY AGAIN. FRANCE AND ITALY WOULD IN THOSE CIRCUMSTANCES SEEK ALTERNATIVE ROUTES TO COMPROMISE - ALL OF WHICH ARE LIKELY TO BE WORSE FOR THE UK. THERE WOULD BE A REAL POSSIBILITY OF A COALITION BETWEEN THE NORDIC AND EFTA COUNTRIES AND SEVERAL COUNTRIES OF THE COMMUNITY ON A COMPROMISE WHICH WOULD BE IMPOSSIBLE FOR THE UK. THUS THE ONLY ALTERNATIVE, IN MY VIEW, TO THIS AGREEMENT (WHICH IS SUBJECT TO A CHARACTERISTIC DANISH RESERVE) WAS AND IS A FAILURE TO AGREE, WITH THE UK ISOLATED AND THE STRUCTURE OF THE MARCH 20TH AGREEMENT IN THE END ABANDONED. I DID NOT BELIEVE I WOULD HAVE FULFILLED EITHER MY E(A) REMIT OR THE CLARIFICATION OF THAT REMIT I WAS GIVEN ON THE TELEPHONE BY THE FOREIGN SECRETARY ON 27TH JUNE HAD THAT BEEN THE OUTCOME. INSTEAD, WE HAVE ON OFFER AN AGREEMENT WHICH HALTS THE DRIFT TO 3 WAY CATALYSTS FOR MEDIUM CARS NOT ONLY IN THE COMMUNITY BUT ALSO IN THE PERIPHERAL EUROPEAN MARKETS.

6. I HAVE KEPT IN CLOSE TOUCH WITH PATRICK JENKIN THROUGHOUT. IT IS HIS VIEW, AS IT IS MINE, THAT FOR US TO ISOLATE OURSELVES IN OPPOSITION TO A DEAL WHICH ALL THE OTHER CAR MANUFACTURING STATES OF EUROPE COULD ACCEPT, WHICH FORD UK COULD ACCEPT, AND WHICH WAS WITHIN THE E(A) REMIT IN DEFERENCE TO THE JUDGEMENT OF BRITISH LEYLAND ALONE WOULD BE QUITE WRONG. WE ARE ABOUT TO ENTER A YEAR IN WHICH THERE WILL BE MOUNTING PRESSURE ON US ON THE LARGE PLANT DIRECTIVE: TO START THAT YEAR WITH SUCH AN AGGRESSIVE REJECTION OF A TOLERABLE DEAL ON CARS WOULD HAVE SEEMED ALMOST DELIBERATELY TO COURT OPPROBRIUM IN EUROPE AND INDEED AT HOME AT GREAT COST TO OUR GENERAL ENVIRONMENTAL REPUTATION. I THEREFORE RECOMMEND THAT THE UK ACCEPTS THE AGREEMENT.

FCO ADVANCE TO:
FCO - FAIRWEATHER ECDI,
CAB - PS/SIR R ARMSTRONG.
DTI - PS/MR TEBBITT, PS/MR BUTCHER, WILLIAMS, LACKEY.
TSY - PS/CHANCELLOR.
DOE - PS/MR JENKIN, PS/MR WALDEGRAVE, PS/SIR PETER HARROP, GRUFFYD-JONES.
D/TP - PS/MR RIDLEY, LYNESS.

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INFO PRIORITY THE HAGUE AND ROME.
INFO ROUTINE COPENHAGEN, ATHENS, DUBLIN AND BRUSSELS.
INFO SAVING LUXEMBOURG.

FROM UKREP BRUSSELS.

ENVIRONMENT COUNCIL: VEHICLE EMISSIONS, 27-28 JUNE.

SUMMARY.
AGREEMENT AT 6.30 A.M. ON CO 30/HC PLUS NOX 8 FOR MEDIUM CARS, COMMISSION PROPOSALS ON LARGE CARS, AND 1992/93 STAGE 2 DATE FOR SMALL CARS, WITH AD REFERENDUM RESERVE BY U.K. AND GENERAL RESERVE BY DENMARK. FRG TO IMPLEMENT FISCAL INCENTIVES ON 1 JULY WITH THESE STANDARDS. DIRECTIVE TO BE FINALISED AS SOON AS POSSIBLE. PERSISTENT CHAIRMANSHIP BY BIONDI. MR WALDEGRAVE AND MR BUTCHER REPRESENTED U.K.

DETAIL.
1. CLINTON-DAVIS (COMMISSION) DEFENDED THE COMMISSION PROPOSALS, HE SAID THE EUROPEAN COUNCIL SHOULD NOT BE TROUBLED WITH THIS PROBLEM, AND PROMISED TOUGH STAGE 2 STANDARDS FOR SMALL CARS. IN INITIAL TABLE ROUND THERE WERE NO SURPRISES FROM DELEGATIONS. ZIMMERMANN (FRG) PROPOSED HC 2.5 NOX 2.5 FOR MEDIUM CARS, WHILE AERTS (BELGIUM) REVERTED TO EARLIER BELGIUM FIGURES OF CO 2.5 HC 8.5 NOX 4.5 FOR MEDIUM. WINSEMIUS (NETHERLANDS) DOUBTED HE COULD DEFEND COMMISSION PROPOSALS IN HIS PARLIAMENT AND WANTED STRICTER VALUES. MR WALDEGRAVE STOOD BY 20 MARCH AGREEMENT, AND WAS SUPPORTED BY MME BOUCHARDEAU (FRANCE) AND ANFUSO (ITALY).

2. BIONDI (CHAIRMAN) THEN ASKED FOR FURTHER COMMENT ON COMMISSION PROPOSED STANDARDS. MME BOUCHARDEAU PUT FORWARD 35/11/5 FOR MEDIUM CARS, SAYING SHE COULD GO NO LOWER, PARTICULARLY FOR NOX. BANGEMANN (FRG) ACKNOWLEDGED THAT THEIR OPENING BID WAS UNREALISTIC, BUT HAD NOTHING TO ADD. CHRISTIANSEN (DENMARK) WANTED TO GO BELOW GERMAN FIGURES, HAVING EARLIER MAINTAINED OVERALL RESERVE. WINSEMIUS SAID CARS DRIVING IN NETHERLANDS COULD ACHIEVE HC 3/NOX4.

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3. DURING LUNCH AND DISCUSSION OF OTHER AGENDA ITEMS, EXCHANGES FOCUSSED ON U.K. IDEA OF DROPPING SEPARATE NOX FIGURE, WHICH OTHERS COULD CONSIDER, THOUGH FRANCE AND ITALY WORRIED ABOUT HOW FAR THEY COULD GO. ON RESUMPTION CLINTON-DAVIS ASKED FOR VIEWS ON DIVIDING MEDIUM CAR CATEGORY INTO TWO, AND ON ADOPTING NOX FIGURE WHICH WOULD BE IMPLEMENTED LATER THAN COMBINED HC PLUS NOX FIGURE. SEPARATION OF MEDIUM CAR CATEGORY WAS REJECTED WHEN MR WALDEGRAVE MADE CLEAR HE COULD NOT ACCEPT IT, AND ZIMMERMANN ACKNOWLEDGED THAT IT WOULD NOT WORK. CONTINUED INTEREST IN DROPPING NOX FIGURE ALTOGETHER.

4. DURING FURTHER BREAK, AND AFTER CONSULTING YOU AND OTHER COLLEAGUES, MR WALDEGRAVE SECURED AUTHORITY TO GO TO HC PLUS NOX FIGURE OF 8 FOR MEDIUM CARS, ON CONDITION THAT THIS WAS LAST RESORT, IN CONTEXT OF AN OVERALL AGREEMENT, AND WITH WAITING RESERVE.

5. AFTER BILATERAL CONTACTS BETWEEN PRESIDENCY, FRANCE AND U.K., BIONDI BEGAN NEXT SESSION WITH DISCUSSION ON FIGURES FOR CO AND A COMBINED HC PLUS NOX VALUE FOR MEDIUM CARS. AGREEMENT WAS QUICKLY REACHED ON A FIGURE OF 30 FOR CO. CLINTON-DAVIS PRESSED CONSISTENTLY FOR THE COMMISSION'S COMBINED FIGURE OF 8 GRAMMES PER TEST FOR HC PLUS NOX TO BE ADOPTED. BASING HIS CASE ON THE 20 MARCH AGREEMENT SPECIFICALLY STATING THAT A FIGURE SHOULD BE CAPABLE OF BEING ACHIEVED BY SIMPLE LEAN BURN TECHNOLOGY PLUS OXYDATION CATALYSTS, MR WALDEGRAVE SUGGESTED 9.5, FRANCE, ITALY AND BELGIUM (WHO COULD GO TO 8.5) WOULD NOT ACCEPT THE COMMISSION FIGURE. AFTER AN UNSUCCESSFUL ATTEMPT TO GO BACK TO A SEPARATE NOX FIGURE, BANGEMANN AND ZIMMERMAN WITH DUTCH SUPPORT REFUSED TO GO ABOVE 5.5. FURTHER UNPRODUCTIVE DISCUSSION INVOLVING GERMANY AND NETHERLANDS WAS CUT SHORT BY A POWERFUL INTERVENTION BY MADAME BOUCHARDEAU. SHE CHASTISED CERTAIN MINISTERS FOR TURNING THE COUNCIL INTO AN AUCTION AND URGED HER COLLEAGUES TO TAKE THEIR RESPONSIBILITIES. WITH SUPPORT FROM MR WALDEGRAVE SHE CALLED FOR A RESTRICTED MINISTERIAL SESSION.

6. IN CLOSED MINISTERIAL SESSION ZIMMERMAN SAID THE GERMAN PUBLIC COULD ONLY ACCEPT LESS THAN 8.0 ON MEDIUM CARS. WINSEMIUS AGREED AND SUGGESTED 7.5. IN A LONG SPEECH MME BOUCHARDEAU SAID SHE COULD ONLY GO TO 8.0 AS HER FINAL OFFER. ITALY COULD SUPPORT AND LUXEMBOURG COULD ACCEPT THE COMMISSION PROPOSAL. MR WALDEGRAVE SAID THAT IN THE LAST RESORT HE COULD SUPPORT FRANCE SUBJECT TO A WAITING RESERVE TO ALLOW FOR REFERENCE TO COLLEAGUES. CLINTON-DAVIS THEN PROPOSED 7.5 WITH A 33 PERCENT TOLERENCE. AFTER A BREAK FOR TECHNICAL CONSULTATIONS, MR WALDEGRAVE MADE IT CLEAR THAT THIS WAS UNACCEPTABLE.

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7. AFTER A FINAL SESSION FOR MINISTERS ONLY, THE COMMISSION TABLED A PAPER PROPOSING AGREEMENT ON CO 25/HC PLUS NOX 6.5/NOX 3.5 FOR LARGE CARS, CO 30/HC PLUS NOX 8 FOR MEDIUM CARS AND 1992/93 IMPLEMENTATION DATE FOR SMALL CARS. THE PAPER ALSO INCLUDED AN UNDERTAKING BY U.K. AND FRANCE THAT THEY WOULD NOT PURSUE LEGAL REPRESENTATIONS ON FISCAL INCENTIVES, LEAVING GERMANS FREE TO IMPLEMENT SCHEME ON 1 JULY. ALL BUT GREECE AND DENMARK ACCEPTED. MR WALDEGRAVE CLARIFIED THAT REFERENCE WAS TO LEGAL REPRESENTATIONS TO COMMISSION, SECURED ALTERNATIVE OF U.S. TEST FOR LARGE CARS, AND STATED THAT U.K. AGREEMENT WAS AD REFERENDUM. AGREEMENT THAT DIESELS OVER 1.4 LITRE SHOULD MEET MEDIUM CAR STANDARDS. MINOR POINTS COVERED IN OTHER MINUTES STATEMENTS. KOULOUMBIS FINALLY LIFTED RESERVE, AFTER COMMISSION HAD UNDERTAKEN TO CONSIDER SPECIAL PROVISIONS FOR GREECE IF AIR POLLUTION REACHED UNACCEPTABLE LEVEL.

FCO ADVANCE TO:
FCO - PS, RENWICK, FAIRWEATHER, GRAY, SAWERS.
CAB - WILLIAMSON, JAY, SHEARER.
DTI - PS/MR TEBBITT, PS/MR BUTCHER, LACKEY, MEDWAY, ANDREWS.
DOE - PS/MR JENKIN, PS/MR WALDEGRAVE, GRUFFYD-JONES, FISK, REYNOLDS, MORRISON.
D/EN - MUNRO.
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PS/
Secretary of State for Trade and Industry

28 June 1985

Colin Budd Esq
Private Secretary to the
Secretary of State for Foreign and
Commonwealth Affairs
Foreign and Commonwealth Office
Downing Street
LONDON
SW1

Dear Colin,

VEHICLE EMISSIONS

... I should be grateful if you would arrange for the enclosed to be telegrammed as soon as possible to the Prime Minister in Milan. In view of its sensitivity I should also appreciate that its distribution is limited strictly to your own office and to the private office at No 10.

Yours ever

John Mogg

JOHN F MOGG
Private Secretary

JH5BEL

OUT TELEGRAM

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TO: PRIME MINISTER
c/o FOREIGN & COMMONWEALTH OFFICE
DOWNING STREET
LONDON SW1

On the best technical advice available to my Department, which is the Department responsible for such matters, I should advise you that the ad referendum agreement reached at the Council meeting on 27-28 June concerning vehicle emissions is wholly against the industrial and financial interests of the UK.

It was reached contrary to the advice which I gave before William Waldegrave left for Brussels, contrary to the conclusions of EA of 1 March, contrary to the intentions expressed by Patrick at Cabinet on Thursday and contrary

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to the firm and clear view which I expressed to William in Brussels by phone from Brecon at midnight our time on Thursday night.

It is too early to say how we should best deal with the situation in which we now find ourselves. However I should warn that apart from the overall resource costs which would flow from applying the decision within the UK I can no longer hold out the prospect that the BL Corporate Plan we have just approved could be contained within the financial limits we agreed.

It seems to have been a good week for Germans and Japanese.

NORMAN TEBBIT

NNNN

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PRIME MINISTER

ACID RAIN

I have become very concerned over recent months that many of the excellent things we are doing in protecting the environment are failing to make the political impact we would like because we are finding ourselves isolated over our refusal to join other European nations in the symbolic "30% club". Early next month William Waldegrave has to go to Helsinki for a meeting of the Executive Body of the UN/ECE (Geneva) Convention on Long-Range Transboundary Air Pollution, at which a protocol on "30% club" lines will be the main issue. If we maintain our refusal there I am in no doubt that we will receive a very bad press indeed at home as well as abroad. We are under increasing pressure in the House of Commons, from the Select Committee and from the many environmental bodies who find our line increasingly inexplicable.

My advisers are now of the view that, give or take a point or two, the necessary reduction in UK sulphur dioxide emissions is likely to take place by 1993 without our incurring any additional expenditure. In other words, we are on course to achieve the goal of the 30% club on present trends.

I believe therefore that we should reconsider the line that we took a year ago. I have accordingly prepared a paper, a copy of which I enclose, which I hope may be considered at E(A) in time to give William Waldegrave an appropriate remit for the Helsinki meeting.

I am copying this minute to the other members of E(A), to the Foreign Secretary and to Sir Robert Armstrong and Sir Robin Nicholson.

PJ

P J
24 June 1985

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DEPARTMENT OF TRADE AND INDUSTRY
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JU712
Secretary of State for Trade and Industry

20 June 1985

John Ballard Esq
Private Secretary to the
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
London SW1P 3EB

CDJ 296

Dear John

VEHICLE EMISSIONS

Dr M Bangemann telephoned my Secretary of State this afternoon. He said he had been asked by his Ministerial colleague, Herr Zimmermann, to find out whether there was any possibility of reaching a decision on vehicle emissions at the Environment Council which I now understand to be postponed from 25 June to 28 June. My Secretary of State said that the Commission's proposal was not consistent with the political agreement reached in March. Standards were being set which were inconsistent with earlier political understandings.

2 Dr Bangemann responded by acknowledging the political difficulty but urged that progress be made at the Council in order to avoid protracted discussion. He said that he would be attending the Environment Council with Herr Zimmermann. The conversation concluded with Dr Bangemann saying that he was looking forward to seeing the Secretary of State on 16 July.

3 This Department will now consider whether one of our Ministers will attend the Council and I will advise you accordingly.

4 I am copying this letter to Charles Powell (No 10), Peter Ricketts (PS/Foreign Secretary), Margaret O'Mara (PS/Chancellor) and Ms B Jones (PS/Mr Waldegrave).

Yours sincerely

John Mogg

J F MOGG
Private Secretary

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Secretary of State for Trade and Industry

18 June 1985

NBPM
CDP 18/6.

John Ballard Esq
Private Secretary to the
Secretary of State for the Environment
Department of the Environment
2 Marsham Street
LONDON
SW1P 3EB

Dear John,

VEHICLE EMISSIONS

Over lunch yesterday, my Secretary of State discussed vehicle emissions with Madame Cresson. Mr Channon and Mr Pattie were also present.

2 Madame Cresson confirmed that the French position remained very firm against the new Commission proposal on vehicle emissions. The question now was, she said, to get back to implementing the March 1985 political decision. Madame Cresson said that the Italians were equally firm: this meant that, of the four major car producing countries, only Germany was against implementing the March compromise.

3 My Secretary of State asked whether this firm French position might change because of the special Franco-German relations. Madame Cresson thought not. She reaffirmed the French position and said that Franco-German relations had been decidedly difficult over the recent past. German policy positions seemed to shift with some regularity.

4 My Secretary of State welcomed the resolute position taken by the French Government. The position of other Member States, as evidenced by last Friday's high level meeting in Brussels, seemed somewhat uncertain. The present firm Belgian stance might be eroded by Luxembourg and, particularly, Netherlands pressure towards accepting the Commission's proposal. Ireland's position was uncertain although she had voted with the UK and France. Greece had an interest as a result of the damage to buildings in Athens but might be swayed.

JH2AVQ

5 Miss Lackey (DTI) suggested it might be helpful if Mr Waldegrave saw his French and Italian Ministerial colleagues in the margins of this week's OECD discussions in Paris. Madame Cresson and the Secretary of State agreed. A further meeting, involving officials and Ministers from Italy, France and Germany might also be needed before the Environment Council on 25 June.

6 I am copying this letter to Charles Powell (No 10), Peter Ricketts (PS/Foreign Secretary), Margaret O'Mara (PS/Chancellor) and Ms B Jones (PS/Mr Waldegrave).

Yours sincerely

John Mogg.

J F MOGG
Private Secretary

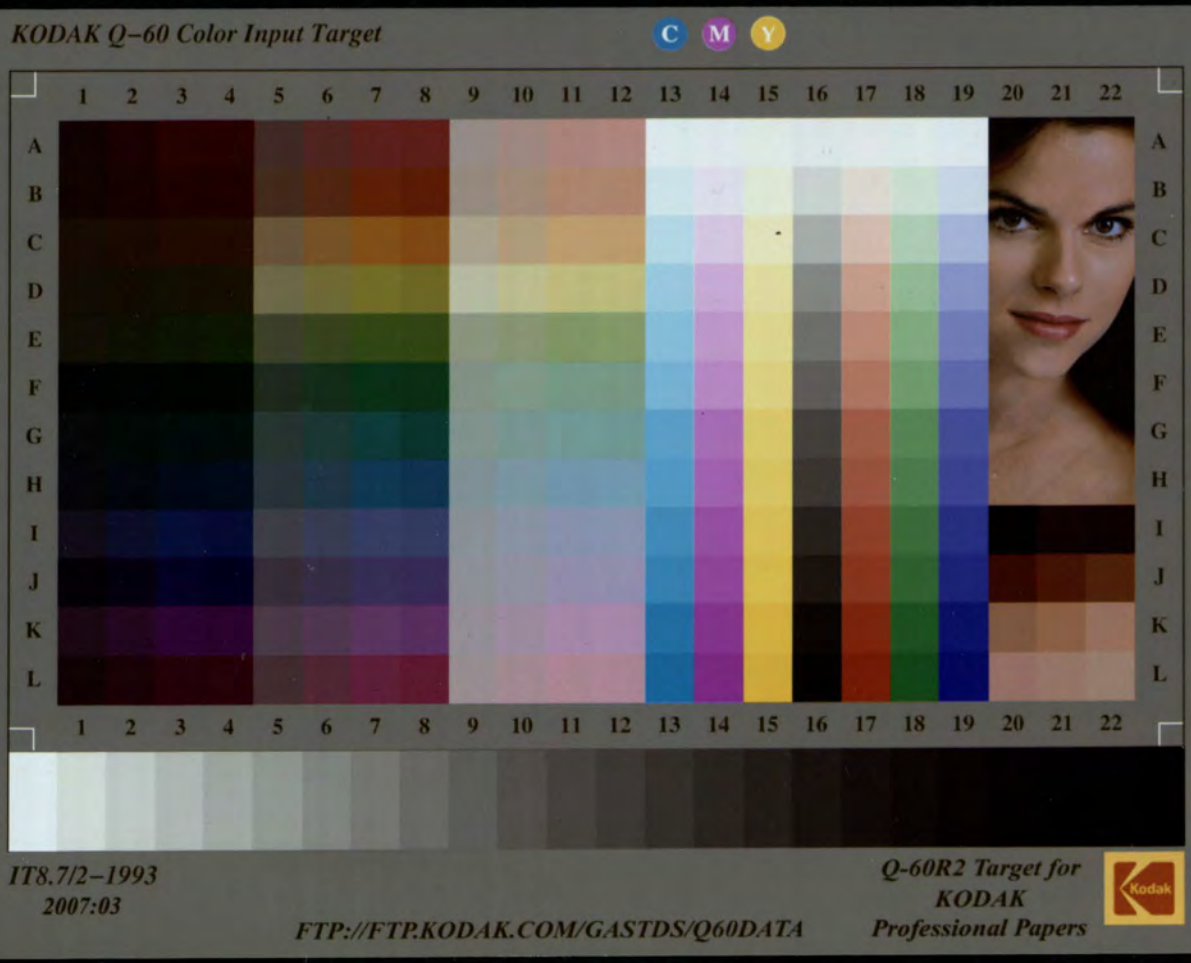
JH2AVQ

PART 3 ends:-

MCA to FCNB (A085/1461) 20.5.85

PART 4 begins:-

DTI to Environment 18.6.85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