



SECRETARY OF STATE FOR ENERGY
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Prime Minister

You asked about
 the background to
 the reports you
 had heard before
 the election. *GW*

18 May 1979.

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Therby on air

Bryan Cartledge Esq.,
 Private Secretary to the
 Prime Minister,
 10 Downing Street,
 London SW1.

Dear Bryan,

EEC ENERGY RESEARCH PROJECTS

You wrote to me on 11 May about the Prime Minister's question whether the UK had been responsible for holding up a number of EEC energy research projects.

There have been four issues which could lend themselves to such interpretation.

1. One is the discussion and adoption of the Joint Research Centre programme in 1976/7. On this we have consulted D/Industry as this is primarily a matter for them within their overall co-ordinating responsibility for Community R & D. The Joint Research Centre is directly operated by the Commission with its main centre at Ispra in Italy. Contrary to many other research institutions virtually all of its R & D work is done in-house with very little sub-contracting. The 1977/80 programme of the Joint Research Centre was due to take effect from 1 January 1977, though in fact the Council did not decide upon it until nearly 8 months later. During negotiations, which began at a time of mounting general criticism of the JRC and which lasted some 20 months, the UK took the lead and pressed strongly for reforms in the technical management, financial control, and staffing policy of the JRC as well as for a less ambitious scientific programme than the Commission had proposed. The aim was to contain the cost of an expensive facility at a time of general retrenchment in European R & D expenditure, and to improve the technical quality and relevance of the work undertaken. Although some time before the UK had questioned the value of the Commission having a Joint Research Centre at all, it is accepted now that the structure and programme has been improved by the discussion and the consequent agreement between the Member Countries and the Commission.
2. While the JET fusion project was a separate issue, its resolution interacted, especially in Italian minds, with

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the JRC discussions. Although there was general agreement that JET should go ahead, the main cause of the protracted discussions was the dispute about its location which was eventually secured for the UK in October 1977, nearly two years after the siting team first reported in December 1975.

3. In addition there is the current discussion of the Commission's proposals for a second 4-year Energy R & D programme costing 125 meua. This is intended to replace the current programme which expires on 30 June. After long technical discussions it is expected that this will come before the Research Council for decision on 26 June. In these preparatory technical discussions the UK has been isolated in maintaining a general reserve on the proposals and seeking to establish a clear evaluation of the current programmes and future plans of the EEC and of Member States before judging the case for further expenditure. We have also been pressing that in any event the second programme ought to be more closely related to the Community's energy needs and be of an appropriate size, somewhat less than the Commission had proposed. We have rigidly maintained a reserve and the Commission and some Member States interpreted this as saying that we wanted no further programme at all. This interpretation protracted technical discussions. We have recently however been joined in the view that the programme should be more modest by the French and Germans and it seems fair to say that in the last three months significant progress has been made towards a satisfactory technical programme. We envisage continuing to be associated with the French and Germans in a constructive, though careful scrutiny, of the financial implications before the issues come to the Research Council. It should be noted that the issues have not yet been considered by the Secretary of State.
4. Finally, it is possible that our attitude to the EEC plans for energy conservation demonstration projects and for extending the use of alternative energies may be in question. On these we have now reached agreement on the overall costs and outline contents of schemes to be sponsored by the EEC, and also on the first individual cases. The UK initially however was sceptical about the overall sums proposed and the distribution between classes of project. At the time when these came to the December 1978 Council there was a real risk that the UK would receive less than a "juste retour" on its contribution. There were difficulties also in that the Council decided to change its original approach and was proposing to take further decisions in this field before we knew enough about the individual projects which were coming forward. In addition there were still unresolved technical differences in the relevant draft Regulations. However these problems were resolved at the March Council, and while there must inevitably be uncertainties about the financial outcome of the schemes (which are to operate over 4/5 years) we believe that the further negotiations between December and March resulted in schemes which give us a reasonable chance

of a juste retour and in particular have increased the prospects of Community support for a second coal gasification project.

I am copying this to Paul Lever (FCO), Martin Vile (Cabinet Office) and Andrew Duguid (D/Industry).

Yours sincerely,

Bill

W.J. Burroughs,
Private Secretary.

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18 MAY 1979

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10 DOWNING STREET

From the Private Secretary

11 May 1979

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EEC Energy Research Projects

The Prime Minister was told, before taking office, that the UK had in recent years been responsible for holding up a number of EEC energy research projects. The Prime Minister would like to know whether this is so.

I should be grateful for early advice.

I am sending copies of this letter to Paul Lever (Foreign and Commonwealth Office) and Martin Vile (Cabinet Office).

B. G. CARTLEDGE

W.J. Burroughs, Esq.,
Department of Energy.

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