

W.926

7 December 1984

PRIME MINISTER

MEETING OF MINISTERS ON SPACE: TUESDAY, 11 DECEMBER, 10.15

This meeting has been called at the request of Mr Pattie to consider two critical decisions on space policy:

(a) whether and how to respond positively to President Reagan's invitation to participate in the US Manned Space Station programme;

(b) whether to respond positively to the proposal by the European Space Agency (ESA) to increase substantially the mandatory (scientific) part of its programme.

2. Mr Pattie has circulated a background paper for the meeting (Annex A). Other Ministers who will be present are the Secretary of State for Defence, the Chief Secretary, the Secretary of State for Education and Science and the Minister of State at the Foreign and Commonwealth Office representing the Foreign Secretary who has circulated a letter (Annex B). The Secretary of State for Trade and Industry has also circulated a letter (Annex C).

FLAG A -

FLAG B

FLAG C

3. Other Departments, eg Agriculture, Environment have an interest in this subject but will be able to give their views at the E(A) meeting arranged for 8 January. The purpose of the present meeting is to allow a smaller group of the Ministers most closely concerned to gain an in-depth understanding of the factors influencing the critical long-term decisions on space policy.

Background

4. In January 1984 President Reagan announced his decision to go ahead with a NASA proposal for a Manned Space Station at a cost

of \$8 bn to be operational in 1992 - the 500th anniversary of Columbus' voyage. At the same time he invited other nations to take part in the project at their own expense. Since then his envoy has been active in Tokyo, Ottawa and European capitals with the expectation of raising additional funding of up to \$4 bn. President Reagan himself brought a model of the Space Station to the Economic Summit in London.

5. Congress and the Office of Technology Assessment have been critical of some aspects of the proposal, eg the large manned component of the station, and Congress have specified a larger share of funding for automation and robotics. Nevertheless, it seems almost certain that the programme will go ahead, possibly in modified form.

6. The next phase of the project, for which international participation is being invited, is a feasibility study "phase B" for which the cost to the UK at GNP participation would be £7 m. DTI are prepared to finance this from their existing resources. Phases C and D of the project are the construction and operation of the station and the cost to the UK, again for participation at GNP level, would be about £250 m over 8 years from 1987-88. Mr Tebbit has indicated that he cannot find these resources from within his Department's current PES line.

7. Canada and Japan seem likely to take part in phase B and the signs in Continental Europe are also positive. European nations are agreed that they should respond through ESA and there is a Ministerial Council on 30/31 January in Rome where Mr Pattie will represent the UK. Participation in phase B does not commit any country to participation in phases C and D.

8. ESA was formed in 1972 on the initiative of Mr Heseltine. It receives its funds in three tranches, a mandatory science programme (paid for by SERC, £11 m pa), a mandatory contribution to overheads (paid for by DTI, £4 m pa) and an optional applications programme (available to countries which participate in the mandatory programmes) into which DTI currently pay about £48 m pa mainly for telecommunication satellite development.

The UK has had minimal involvement in other optional programmes such as the French-led Ariane launcher and German-led Spacelab pressurised module for scientific experiment.

9. ESA has proposed an increase of about 60 per cent over 10 years in its mandatory science programme (from 120 mecu to about 200 mecu) because the current funding only covers one satellite launch every 2 years which they regard as too infrequent to be competitive. Individual European nations (including the UK) have also carried out non-ESA scientific experiments in space, sometimes in association with NASA.

10. A SERC Committee recently reviewed SERC's participation in ESA's science programme and concluded that, despite some problems, "the way ahead for UK space science lies in increased involvement in ESA." But SERC itself in evidence to ABRC has indicated that an increased expenditure on space science can probably not take priority over their current activities. The additional cost to SERC of ESA expansion of the science programme would eventually be some £7 m pa.

11. Other member countries of ESA are likely to agree some increase in ESA's science programme but probably less than requested, say 30-40 per cent over 10 years.

FLAG D

12. You have received a letter from Sir John Mason (Annex D) stressing the important scientific contribution to the successes of the UK's space programme and emphasising the need for a coherent science plus industry approach. He raises the question of a Space Directorate which is also referred to in the last paragraph of Mr Pattie's paper.

FLAG E

13. My own assessment of the situation is given in Annex E.

Handling

14. Mr Pattie has prepared a slide presentation which will take about 20 minutes. The discussion should concentrate on the scientific, commercial, industrial and financial aspects of the two decisions. The Secretary of State for Defence will want to

indicate the rising defence interest in space and the degree to which civil and military programmes can be based on common science and technology. The Secretary of State for Education and Science will want to recall the key role which the Research Councils have played in the UK's current space capability but warn of the problem of accommodating more space science research within current budgets. The Chief Secretary will wish to draw attention to the fact that at present no Department is prepared to accommodate the cost of phases C and D within its present resources. You will wish to avoid a detailed discussion of the future PES situation between the Chief Secretary and Ministers from the spending Departments since this will deflect the meeting from its more strategic purpose. The Minister of State for Foreign Affairs will wish to comment on the foreign policy implications of participation/non-participation.

15. If phases C and D are to be funded, the most likely arrangement seems to be a three-way split between MoD, DTI and the private sector. You may wish to ask the Secretary of State for Defence whether he is prepared in principle to consider this and the Minister of State for Trade and Industry whether he can have serious discussions with the private sector on their contribution before the E(A) meeting. You will also wish to ask him for his view on the robustness of the current financial estimates from NASA/ESA.

Conclusions

16. If there is no prospect of financing phases C and D, you may wish to conclude that there is no point in entering phase B (option (i) on page 8 of Mr Pattie's paper). The ESA science programme decision can then be put back to SERC since it would no longer have wider implications. The matter could then be cleared with E(A) by correspondence.

17. If there is a prospect of financing phases C and D, you will wish to conclude that:

SECRET

(a) the Secretaries of State for Defence and for Trade and Industry should make a clear recommendation to E(A) on whether it should be a GNP participation (option (iii) of Mr Pattie) or a token participation (option (ii));

(b) the Secretaries of State for Defence, Trade and Industry, and Education and Science should reach agreement with the Chief Secretary before E(A) on the PES treatment of the costs involved;

(c) the Minister of State for Trade and Industry should obtain a clear commitment before E(A) from the private sector for a substantial (say 33 per cent) contribution for phases C and D;

(d) The Secretary of State for Education and Science should decide whether he will direct ABRC to provide additional resources to SERC to meet the cost of the increased ESA science programme or whether he will direct SERC to use part of their existing resources in this way.

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

RBN .

ROBIN B NICHOLSON
Chief Scientific Adviser

Cabinet Office
7 December 1984