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Treasury Chambers, Parliament Street, SW1P 3AG

The Hon Peter Morrison MP
Minister of State for Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1

30 April 1986

*Dear Peter,***EC INTEGRATED OPERATIONS**

In your letter to Lynda Chalker of 21 April you invited colleagues' agreement to the Official Committee's proposal that we should respond positively to the Commission's interest in integrated operations.

You pointed out that although difficulties might arise with regard to our existing policies on non-additionality and restraint of public expenditure, the advantages of being able to influence Commission thinking in the right direction by our support made the risks worth taking. My own view is that we must be most careful to prevent the Commission from using integrated operations as a means of exerting pressure on us. In particular, Departments will need to treat with the greatest reserve any proposals which, in your own words, give the Commission scope for seeking extra Government expenditure on the relevant operations. I would have to resist most firmly any additional bids in the Survey arising from integrated operations.

As far as non-additionality is concerned, we must avoid pressure from the Commission and elsewhere as proposals are developed and public expectations aroused. It will therefore be essential to accept at the outset that on

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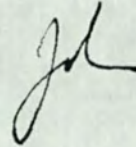
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no account should programmes be supported for which relaxation of the rules might subsequently be sought. Thus my agreement to proceeding as you suggest must be conditional on acceptance that, as paragraph 5 of the Official Committee paper anticipates, the Government's normal rules on non-additionality will continue to apply to any integrated operations which may be proposed.

I am copying this letter to other members of OD(E) and E(A) and to Malcolm Rifkind, Nicholas Edwards, Peter Walker, David Young, Michael Jopling, Rhodes Boyson, Kenneth Baker and Sir Robert Armstrong.

Yours ever,



JOHN MacGREGOR



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