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PRIME MINISTER

19 November 1986

E(A) MEETING, 20 NOVEMBER

EUROPEAN COMMUNITY R & D FRAMEWORK PROGRAMME

Since taking up this post, I have been struck by how much of my time has been spent on international - particularly Community affairs. As you may know, during the UK Presidency, I represent the UK at the Research Council while Mr Pattie has the Chair. I shall be attending EA tomorrow but it may be helpful to let you know my views in advance.

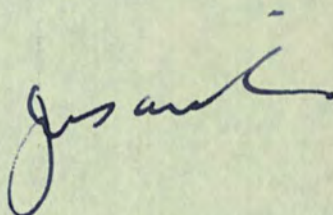
2. In brief I agree with the conclusion reached by the new Ministerial Committee on R & D (E(RD)), namely that a Community R & D Framework Programme at 5.0 becu can be defended in scientific and technical terms, provided that it gives increased emphasis to promoting industrial competitiveness. This is an essential point and one which I think we have a better chance of achieving while we have the Chair. Europe must come closer together technologically if we are to compete at all with the US and Japan. The Community Framework, coupled with other collaboration such as EUREKA, is a means to that end. I believe therefore that it is worthwhile trying to get an agreement.

3. Whether we will be able to reach agreement on a Framework at no more than 5 becu is a judgement which we will be better able to make after Mr Pattie has completed his planned round of bilaterals. It will not be easy. If we had to settle slightly above 5 becu, then we would obviously try to make sure that those extra resources do give us value for money in technical terms. A decision on whether this would be worthwhile should probably be taken closer to the Research Council when we can see more clearly whether further delay would lead to a higher or lower figure. In the meantime Mr Pattie needs some room for manoeuvre.

4. The question of redistribution of EUROPE'S is difficult. Since the

available provision will not cover a 5 becu Programme, there must be some losers. Even after redistribution DTI will be a major contributor to the deficit, which is right given the industrial emphasis. But the new pattern would, in my view, be more equitable even though it will bear hard on Department of Energy.

5. I hope therefore that tomorrow EA will be able to conclude that the UK should go for an industrially oriented Framework at 5 becu, while allowing a small margin of manoeuvre for Mr Pattie; and that in principle at least some redistribution of EUROPES would be equitable in light of the priority we accord to the industrial dimension.

A handwritten signature in blue ink, appearing to read 'John W Fairclough', is centered on the page.

JOHN W FAIRCLOUGH
Chief Scientific Adviser

