

CCPC



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My ref:
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The Rt Hon Cecil Parkinson MP
Secretary of State
Department of Energy
Thames House South
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EDP
26/5.

26 May 1988

Dear Sir

ACID RAIN - LARGE COMBUSTION PLANTS DIRECTIVE

I think you will be aware that negotiations on this long running Directive appeared to become even more difficult at the start of the German Presidency. As a result, Malcolm Caithness took a very firm line at the March meeting of the Environment Council (and was widely accused of effectively blocking further progress). This approach now seems to have paid off handsomely. It has become clear that the Germans are very keen to achieve agreement during their Presidency. Their Minister, Dr Topfer, offered a number of significant concessions in a paper in advance of a bilateral with Malcolm on 12 May, and the bilateral itself produced further progress. The next and final Council meeting under the Germans is on 16 June.

In terms of what Dr Topfer indicated he could accept, I am convinced that we are now in sight of the best offer we are likely to get to settle this Directive. Subsequent Presidencies are likely to be less determined to achieve agreement, and the Germans themselves are likely to be more intransigent without the moderating influence of holding the Presidency.

In the absence of an agreement in June, the draft will fester on. The market will have no clear idea of the requirements that will eventually be placed on the electricity industry. However, the scientific case for reducing sulphur emissions is likely to continue to harden, based on domestic as well as overseas damage. On pessimistic projections of sulphur emissions (high growth, low nuclear) we shall lose our own declared policy aim of a 30% reduction on 1980 emissions by the end of the 1990s unless we take more positive action. All this seems a most unattractive potential background to privatisation.



Our officials are now looking urgently at what would be involved in signing up to the best deal we can negotiate on 16 June. Obviously we must not sign up regardless of price - but I hope you will join me in asking our officials to approach the work in the most positive way possible.

I am copying this letter to the Prime Minister, Geoffrey Howe, Members of E(A) and to Sir Robin Butler.

James
Amolas

