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10 DOWNING STREET

From the Private Secretary

DR. NICHOLSON

WORKING GROUP ON TECHNOLOGY, GROWTH AND
UNEMPLOYMENT

The Prime Minister has seen your minute of 12 October. In the light of the considerations which you put forward, Mrs. Thatcher is content with the approach to the Working Group which is described in paragraph 14 of your minute of 8 October.

I am copying this minute to Richard Hatfield (Cabinet Office).

A. J. COLES

15 October 1982

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W.0631

Prime Minute

12 October 1982

PRIME MINISTER

In the light of the minute are you content with the approach described in para. 14 of Mr. Nicholson's minute of 8 October (Page A)?

Yes

A.J.C. 12/10

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WORKING GROUP ON TECHNOLOGY, GROWTH AND EMPLOYMENT

I have some further information which I hope will answer the questions you raised on my minute of 8 October.

2. On Materials, we have excelled in this subject although, as in other areas, we have often failed to reap the commercial rewards of our technical excellence. Micro-alloyed steels (British Iron and Steel Research Association), carbon fibres (RAE, Farnborough), silicon nitride (Newcastle University and Harwell), alkali-resistant glass fibre for reinforced concrete (Building Research Establishment and Pilkingtons), liquid crystals (RSRE, Malvern), gas turbine materials (Rolls Royce and the special steels industry) and, most recently, ductile cement (ICI) are all areas where we led the world. We also have many excellent pure research groups in this field in our Universities and Research Establishments.

3. Our past and current track record in Materials R & D is substantially better than any other European country or Japan - only the USA, with vastly greater resources, has equalled the UK performance. In this connection it is interesting that the USA has now asked to 'co-lead'* with us on this subject in the Versailles Working Group. To indicate the importance they place on the subject of Materials, they have drawn our attention to a recent report from President Reagan to Congress which starts with the words "The entire materials cycle is a fundamental component of economic production and technological innovation".

4. The commercial advantage in taking the lead in Materials stems from the importance of new materials in allowing cost reductions, improved technical performance and superior design over the whole

*The Working Group allows for 'leadership' in projects by single countries and 'co-leadership' where two or more countries have a strong interest in the project.

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range of manufactured products. The current lack of agreed standards, test procedures etc prevents the European Community, let alone the world, being taken as a single market for a new product involving the use of new materials. Removal of these obstacles will encourage enterprise by helping firms who want to use new materials in their products and allow UK companies to benefit preferentially from materials innovation in this country.

5. On Biotechnology, we have requested 'co-leadership' with the French. The Department of Industry is developing a strategy to ensure that the outstanding UK achievements in this field have a proportionate influence in the outcome of the project study.

6. On the general outcome of the Working Group, the French started with the substantial advantage of President Mitterrand's report to the Summit and the Chairmanship of the Group. I completely understand that the only acceptable form of final report is a much more balanced and realistic view which fully satisfies UK interests. We have taken the initiative in guiding the thinking of the Working Group in this way and have been supported particularly by the Germans and the Americans. We have already made substantial progress in removing French self-interest and idiosyncrasy and are having a 'trilateral' with Germany and the USA tomorrow night before Thursday's meetings to plan our future strategy.

7. On the developing countries, their interests have not been a major topic for discussion so far. My comment was simply intended as an assumption that the UK would not wish to be isolated from any general lip service to the needs of developing countries which may be included in the final report.

8. I hope this further information is of some help.

RBN
ROBIN B NICHOLSON
Chief Scientist

cc: Sir Robert Armstrong
Mr Gregson
Mr Sparrow
Mr Roith
Mr Stone

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