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PRIME MINISTER

14 May 1984

ENVIRONMENTAL POLLUTION: A POSITIVE APPROACH

Patrick Jenkin's paper identifies a selective package of positive and cost-effective measures which meets genuine concerns about aspects of our policy and presentation. Such a programme is needed to regain the political initiative and to restore public confidence in pollution matters.

We have been involved in the preparation of this paper and support the four areas of particular concern discussed.

- the environmental impact of nuclear power;
- air pollution - acid rain and vehicle emissions;
- countryside and wildlife conservation;
- secrecy.

However, further work is required before detailed policies for these subjects can be agreed. Patrick has identified the most promising options which are designed to meet our objectives at minimum cost.

We agree that officials should be asked to assess the full implications and costs of Patrick's recommendations.

THE ENVIRONMENTAL IMPACT OF NUCLEAR POWER

Disposal - As Patrick points out, we are faced with a basic dilemma on the disposal of both low level and intermediate level nuclear waste. Although a policy of storage under surveillance at existing nuclear sites and at Sellafield would be a major departure from our current policy, we do need to rethink our whole approach if we are to restore credibility to our nuclear waste disposal policy.

Sellafield - This is a genuinely worrying area and we must do all we can to meet public concern. We cannot expect the public to understand why Sellafield should not be of similar technical quality to the comparable French plant at Cap de la Hague.

Such an objective is technically feasible over five years and should be assessed in detail.

Although the costs would be significant - perhaps an additional £100 million - it is likely that we shall have no alternative if we are to continue to treat Magnox waste at Sellafield. If we do not adopt this approach we could well be forced to close the Magnox reprocessing facilities.

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Existing waste at Sellafield could be reprocessed over three years. New waste could either be stored or exported to France.

The case for refurbishment is further strengthened by the CEGB's recent decision to extend the operating life of the Magnox stations by five years. It would be a legitimate use of some of the resulting cost savings to improve the reprocessing facilities for Magnox waste.

A BALANCED ATTACK ON AIR POLLUTION

Acid Rain - Patrick's proposals recognise that it is no longer enough for us to deflect calls for action with the argument that more research is needed to understand the problems.

Against this background the option of joining the 30% club looks the most promising. Sulphur levels have already fallen by about 15% since 1980 and the implications of removing a further 15% by 1995 should be evaluated. We would expect technological developments to produce lower cost solutions than the £750 million (3% on electricity prices) mentioned in the paper. At the moment neither the CEGB nor the manufacturers have any real incentive to reduce costs. There are also a number of supply options related to coal quality and cleaning which could further reduce the cost.

Nevertheless, it is extremely difficult to assess the cost-effectiveness of such a programme. A balanced judgement of available scientific evidence indicates that there is a good chance that such an approach would improve the problem of acid rain although to an uncertain extent. It would certainly help the UK's international standing in environmental matters.

A more limited approach could be based on the imaginative Development and Pilot Action Programme recently put forward by the CEGB. This programme would cost about £50 million and would enable us to establish the most cost-effective solutions for reducing emission levels. As such it would indicate that both industry and the Government are taking the problem seriously.

This is a defensible approach although it would still leave us internationally isolated and would not in itself reduce emissions or acid rain. We recommend, therefore, that the CEGB programme should be assessed in terms of its potential contribution to meeting the objective of reducing total emissions by 30%.

Vehicle Emissions - The "lean burn" engine provides an

excellent opportunity for a major initiative to follow up our commitment to removing lead from petrol. Cleaning up car exhausts during your Administrations would be a substantial achievement.

COUNTRYSIDE AND WILDLIFE CONSERVATION

The Wildlife and Countryside Act is leading to huge handouts for farmers to do nothing at great cost to the taxpayer. The Act is in urgent need of revision both to close loopholes and to revise the basis of compensation.

We should consider bringing our approach into line with that adopted for the conservation of buildings ie a regulatory framework rather than a compensation principle. If we do wish to continue with the compensation principle, this should be a one-off payment related to net income foregone over perhaps three years.

The scope for channelling some of the agricultural resources of the CAP into conservation is an important question which should be addressed.

SECRECY

The present situation does not work to our advantage as selective leaks continually cause us embarrassment. The Royal Commission has recommended that there should be a presumption against secrecy except in cases involving national or commercial security.

We support this recommendation as a way of restoring confidence without in any way prejudicing commercial and national interests.

ECONOMIC SUMMIT

We support the Foreign Secretary's suggestion for a British initiative on the environment at the London Summit. The arguments for raising our international profile on environmental matters are persuasive.

We recommend that your meeting on Wednesday should endorse the idea of an environmental initiative in principle. This approach would be complementary to the proposed UK programme of action to be discussed on Thursday.

A positive package of UK measures coupled with the international initiative will make it considerably easier for us to resist unreasonable international pressures on other aspects of environmental pollution later in the year.

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CONCLUSION

We support both Patrick Jenkin's recommendations and the Foreign Secretary's proposal for an environmental initiative at the Economic Summit.

This twin approach provides us with an ideal opportunity to seize the political initiative and to restore public confidence in what has become an increasingly worrying area.

DLP.

DAVID PASCALL

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cc DP
cc DC

PRIME MINISTER

LONDON SUMMIT: POSSIBLE BRITISH INITIATIVE ON THE ENVIRONMENT

In your Private Secretary's letter of 10 May you ask for advice on Geoffrey Howe's proposal in his minute of 8 May.

I welcome in principle an initiative of this kind. It could help us to re-establish a sound British position internationally in environmental matters. I am circulating, in parallel with this minute, a paper for your meeting on 17 May making a number of specific policy proposals which are directly relevant. Both the substance of a Summit initiative and the tone in which it is presented will reflect the conclusions which we reach on these.

However, I think you should be aware of a possible downside. Given the stance which we have adopted in previous international gatherings and the criticism which that stance has drawn, there is a real risk that an initiative which appears primarily to be aimed at further research work may be regarded with scepticism by some of the other Summit countries; they see our desire for research as the familiar British substitute for action, and they might treat the initiative as no more than a delaying tactic. I believe that that risk should be taken. The subjects listed in paragraph 5 of Geoffrey's minute are ones in which there is a good British scientific contribution to be made, and improved access to developments in technology elsewhere would be of advantage to us. The initiative would, however, require careful presentation to minimise the risks I have indicated.

I am copying this minute to those who received copies of Geoffrey's minute.

A. Aubrey (private secretary)

for P J
15 May 1984

- agreed by the Secretary of State,
and signed in his absence.

Economic Pol

Econ. Summit

PT 15



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Secretary of State for Trade and Industry

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15 May 1984

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Secretary of State for Foreign and
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Foreign and Commonwealth Office
Downing Street
SW1A 2AL

D Geoffrey

LONDON SUMMIT : POSSIBLE BRITISH INITIATIVE ON THE
ENVIRONMENT

Thank you for copying to me your minute of 8 May to the
Prime Minister.

2 I would like to register my support for something on
the lines of your proposal. The UK's call for
environmental action to be based on sound scientific
evidence of need is often seen, mistakenly, as an attempt
to delay such action. Full account must of course be
taken of the costs to industry of individual measures, but
the initiative you propose would emphasize our commitment
to environmental protection where such protection can be
shown to be necessary.

3 I suggest that the proposal should be examined in
more detail through the E(P) machinery.

4 I am copying this letter to the recipients of your
minute.

Norman Tebbit

NORMAN TEBBIT

9 May 1984

ENVIRONMENTAL POLLUTION: A POSITIVE APPROACH

INTRODUCTION

This paper identifies a selective package of positive and cost-effective measures which meet genuine concerns about aspects of our policy and presentation. Such a programme is needed to regain the political initiative and to restore public confidence in pollution matters.

We have identified four areas of particular concern:

- the environmental impact of nuclear power;
- air pollution - acid rain and vehicle emissions;
- countryside and wildlife conservation;
- secrecy.

The Government needs a clear policy on these issues by June in order to meet a series of international deadlines this Summer. This provides an ideal opportunity to raise our profile on environmental matters immediately before the Economic and European Summits in June.

A positive package of measures now will make it considerably easier for the UK to resist unreasonable international pressures on other aspects of environmental pollution later in the year eg in formulating our policy for the North Sea Conference to be held in the Autumn.

We shall be able to build on this initiative later in the year when we publish the Government's response to the recent 10th Report of the Royal Commission on Environmental Pollution.

THE ENVIRONMENTAL IMPACT OF NUCLEAR POWER

We are all agreed on the importance of a successful nuclear power programme. However, our present policies on the disposal and storage of nuclear waste could well jeopardise this objective.

Recent events at Sellafield, the condemnation of sea dumping and our continuing inability to satisfy the public that we can dispose of nuclear waste safely have badly damaged our credibility.

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Disposal

We have a clear and defensible policy for the storage of high level nuclear waste under surveillance. However, we are faced with the basic dilemma on the disposal of both low level and intermediate level nuclear waste.

The ability to dump any nuclear waste at sea is likely to be short-lived. Political considerations in the face of international opinion are likely to make dumping unacceptable irrespective of any scientific justification.

Disposal on land is generating considerable public concern. The prospect of using non-nuclear sites such as Billingham for safe disposal is becoming increasingly questionable. It is by no means certain that a public inquiry would endorse our policy in this area.

It is therefore necessary to rethink our whole approach. We need to look more closely at a policy of storage under surveillance at existing nuclear sites and at Sellafield. Appropriate treatment could then take place later when technologies are further advanced.

I am convinced that this approach should now be assessed in detail as it offers our best hope of restoring credibility to our nuclear waste disposal policy.

Sellafield

This is a generally worrying area and we must do all we can to meet public concern. Our objective must be to make Sellafield as good in environmental terms as any plant in the world. Such an objective would require a discharge level of 20 curies and is technically feasible over 5 years.

The cost would be significant - £100 million. But I consider that we have no alternative if we are to continue to treat Magnox waste at Sellafield. If we do not adopt this approach I fear that we shall be forced to close Sellafield and export Magnox waste to France.

These comments do not of course apply to the Thorpe Plant which handles AGR and PWR waste.

A BALANCED ATTACK ON AIR POLLUTION

The need to legislate to implement an EEC directive on air pollution gives us an opportunity to update and consolidate our clean air legislation. This provides us with an excellent opportunity to respond to two main areas of concern - acid rain and vehicle emissions.

Acid Rain

In the community there is already substantial support for a commitment to reduce sulphur and nitrogen oxide emissions. We face an EEC directive that calls for a reduction of 60% from large combustion plants. There is growing acceptance of the view that although scientific uncertainties remain, the case for prudential action in relation to lake and forest certification is now too strong to be ignored.

As the largest emitter of sulphur dioxide in Western Europe, it is no longer enough for us to deflect calls for action with the argument that more research is needed to understand the problems. We require a cost-effective package of measures which does not cost billions of pounds but which will go some way to meeting criticism.

There are 3 options:

- (1) The CEEB have recently put forward a development and pilot action programme. This programme would cost and would enable us to establish the most cost-effective solutions to any future requirements to reduce emission levels. As such it would indicate that both industry and the Government are taking the problem seriously.
- (2) Join the 30% club. At the recent Ottawa Conference 9 European countries including Western Germany, France and the Netherlands pledged themselves to reduce sulphur dioxide emissions by at least 30% by 1995 from 1980 base levels. Our own emissions have already fallen by about 15% since 1980 and the cost to meet the 30% objective would be £750 million.

We could also draw up a programme to reduce total acidity by 30% at significantly less cost. This approach is attractive although our European partners would probably not accept that we were meeting the 30% objective.

- (3) To meet the EEC directive for a reduction of 60% from large combustion plants. This approach would incur significant costs -

I submit that the choice lies between the first and second options. The first option is a defensible approach although it could still leave us internationally isolated. I therefore recommend that the detailed implications of joining the 30% club should be evaluated.

Vehicle Emissions

We are all agreed that the adoption of the American 3-way catalyst system is unacceptably costly at some £2 billion a year in equipment, maintenance and wasted energy for the UK alone.

The "lean burn" engine, however, provides an excellent opportunity for a major UK initiative to follow-up our commitment to removing lead from petrol. Cleaning up car exhaust would also contribute to reducing the problem of acid rain and would be a substantial achievement for this Government.

Such an approach is likely to be much more cost-effective than the catalyst approach. Although theoretical lower emission levels are possible with the latter, in practice these are unlikely to be achieved. The lean burn approach would also provide a major opportunity for our engine and car manufacturers.

COUNTRYSIDE AND WILDLIFE CONSERVATION

This subject is likely to cause us some of our greatest political embarrassment unless we adopt a consistent and positive approach.

The Wildlife and Countryside Act is a particular example. It was based on the principle that farmers would respect areas of special scientific interest in return for compensation for any loss of extra income. In practice the requirement to give 3 months' notification of proposed designation has not provided an adequate safeguard for sites of natural beauty. Furthermore, the Act is now leading to huge handouts for farmers to do nothing at great cost to the taxpayer. Cases involving annual payments of several hundreds of thousands of pounds are pending.

I recommend that the Act should be revised in order to close the 3 month loophole and to change the basis of compensation. We should consider bringing our approach into line with that which is adopted for the conservation of buildings ie by a regulatory framework rather than by compensation. If we do wish to continue with the compensation principle, I propose that this should be a one-one payment related to net income foregone over three years.

Any proposed legislative changes to the Wildlife and Countryside Act could be included in the Pollution (Protection of Food and the Marine Environment) Bill scheduled for 1984/85. OD(E) recently recommended that a statutory regime for pesticides control should also be included in this Bill.

A wider question which should now be addressed is the scope for channelling some of the agricultural resources of the CAP into conservation. We should consider whether the Structures Directive currently under discussion in Brussels could be given a stronger thrust towards conservation, both in the positive sense of extending the range of the Directive to include conservation projects, and in the negative sense by excluding investments which are inconsistent with environmental objectives. In comparison with the Dutch for example, the UK has taken very little advantage of the opportunities in this area.

SECRECY

The recent Royal Commission Report recommended that a guiding principle behind all legislative and administrative controls relating to environmental pollution should be a presumption in favour of unrestricted access for the public to information. The exceptions would be where national or commercial security would be at stake.

I recommend that we should publicly endorse this approach. The present situation does not work to our advantage as selective leaks continually cause us embarrassment. The Royal Commission's Report would be a way of restoring confidence without in any way prejudicing legitimate commercial and national interests.

OTHER MEASURES

We have already agreed to publish a statement of the Government's achievements and aims relating to environmental pollution before the Economic Summit in June.

CONCLUSION

Unless we adopt a more positive approach to environmental pollution, we are likely to be forced increasingly on to the defensive and to ultimately have to accept measures which would not be in our best interests. Furthermore, we have an urgent need to restore public confidence in our whole approach to this area.

I therefore invite colleagues to agree that the full implications and costs of the following proposals should be evaluated:

- The storage of low level and intermediate level nuclear waste on existing nuclear sites and Sellafield.

- To make Sellafield as good in environmental terms as any plant in the world within 5 years.
- To prepare a positive package of measures on acid rain with the aim of reducing emissions by 30% by 1995 from 1980 base levels. This package would incorporate the CEEB's development and pilot programme.
- To promote the "lean burn" solution to vehicle emission.
- To amend the Wildlife and Countryside Act to close the 3 month loophole and to change the basis for compensation.
- The scope for channelling CAP resources into conservation.
- Endorsement of the Royal Commission's approach to secrecy.

DLP.

DAVID PASCALL