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the department for Enterprise

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Secretary of State for Trade and Industry

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Dear Nicholas,

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Thank you for copying to me your minute of 7 November to the Prime Minister.

I agree that it would be valuable to make a tangible follow-up to both the Prime Minister's recent initiatives on climate-change and to the successful position that the UK has secured internationally on CFCs. I therefore welcome your proposal to hold an intergovernmental conference along the lines you propose.

I endorse the two main aims which you suggest for the Conference. Clearly, the Montreal Protocol, even if dramatically strengthened, will not work unless developing the Eastern Bloc countries join up - particularly China and India. Without their participation, there would be a vast potential both for environmental damage and for distortion of trade. Their involvement must therefore be the major of the two emphases you suggest, but we must bear in mind that we cannot expect our industries to give anything away in terms of prices of transfer of technology on other than commercial terms.

Your second theme will support this first theme well. But we should be in no doubt that while British industry will have a good story to tell, other countries' industries will often have as good a - or even in some areas a better - story.

I agree that we should repeat our calls for reductions of CFC emissions by at least 85% as soon as possible, and indeed Eric Forth has already proposed that we consider some acceleration of the first cut. But we must be clear that it is too early to set a date for making other alterations on timing or levels, given the necessary 5 year programme of testing on

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the new alternatives CFCs, the outcome of which cannot be guaranteed. Indeed, some small but critical flaws in the Montreal Protocol need to be corrected if further reductions than are presently provided for are to be practicable. Two key examples are the present inability of our producers to rationalise production on an EC basis, and the question of proper mechanisms being agreed to free international trade in controlled CFCs used as intermediates. Otherwise there are likely to be seriously damaging effects on the market. And there may be a critical point between phasing out CFCs and the greenhouse warming effect of producing or using alternatives: that is a major area which has still to be addressed.

Officials from both of our departments will need to keep in close touch with each other on the detailed content of the programme, building on the close cooperation they have had throughout on the whole question of CFCs. It is essential that the right balance continues to be struck between environmental concerns, industrial practicalities and consumer needs, and world economic development.

I am copying this minute to the Prime Minister, Geoffrey Howe and Sir Robin Butler.

Yours,  
David

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