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From the Private Secretary

Dear Roger

GLOBAL CLIMATE

The Prime Minister held a meeting on Wednesday 19 April, the second in the current series, to discuss global climate. Those present were your Secretary of State, the Secretaries of State for Foreign and Commonwealth Affairs, Trade and Industry, Education and Science, Transport and Energy, the Minister for Overseas Development, the Paymaster General, the Minister for Housing, Environment and Countryside, the Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food (Mr. Ryder), Sir Robin Butler, the Chief Scientific Adviser, Richard Wilson, George Monger and Andrew Wells (Cabinet Office) and George Guise (Policy Unit).

The meeting considered the Cabinet Office note of 14 April, your Secretary of State's minute of 14 April, and notes from the Secretaries of State for Foreign and Commonwealth Affairs (14 April), Transport (12 April), Energy (12 April), the Minister of Agriculture, Fisheries and Food (13 April) and the Chief Scientific Adviser (12 April).

International Handling

The Secretary of State for Foreign and Commonwealth Affairs said that there was general agreement that the problem of global climatic change could be tackled only by a co-ordinated international effort. Ministers had agreed at the previous meeting that the United Kingdom (UK) should seek to work through the existing international institutions, and particularly the United Nations Environment Programme (UNEP). However it was clear that these institutions were not at present strong enough to achieve results. If the Government were to head off other unwelcome initiatives, such as that by the French Prime Minister for a new environmental agency, they would need to ensure that the existing institutions were strengthened. The papers also discussed the possibility that the Government might propose an umbrella Convention on the global climate. But such a convention would involve entering into commitments in this area in advance of greater scientific certainty about the likely extent of global warming, and of detailed measures to counter it. Further

thought would need to be given to the value of such a move at this stage.

The Prime Minister, summing up a brief discussion, said that the Group agreed that the French Prime Minister's proposal for a new environmental agency with enforcement powers were unacceptable, and that to prevent them gaining ground it would be essential for the Government to put forward alternative proposals, based on strengthening existing institutions. They had doubled the UK contribution towards UNEP, and should now take vigorous action to persuade other major countries to do the same, and to back UNEP as the main international forum for proposals on the global climate. It would be important to get the agreement of as many of the members of the UN Security Council as possible. The Soviet Government had suggested that the Security Council should have a role in international environmental discussions, and the Government should build on this suggestion. The Foreign Secretary, in consultation with the Secretary of State for the Environment, should take these matters forward urgently.

The case for proposing an international Convention had not been established, given the present state of scientific knowledge. It would however be right to take empirical action in areas where there were obvious problems with clear remedies, such as deforestation.

Forestry

The Minister for Overseas Development said that the proportion of UK bilateral aid paid to support forestry initiatives was increasing sharply, under the Government's existing forestry initiative. Within a few years the amount committed in this way would rise to over £20 million per annum, within the agreed provision for the aid programme overall. There was scope for the UK to do even more, perhaps by increasing this element of the aid programme to as much as £70 million per annum in 4-5 years' time. But the Government would be criticised if that were achieved by diverting aid from other equally important areas such as the aid for trade programme or structural adjustment. Sir James Goldsmith had put forward separate proposals which would link action on forestry with the problem of third world debt. However there appeared to be substantial problems with these proposals, not least that they would involve first world Governments taking over debt which was currently owed to commercial banks, contrary to the Government's general policy on debt. More generally, there was scope for much further work to be done on the economic aspects of environmental issues as they affected the third world and he proposed that this should be commissioned from officials.

The Prime Minister, summing up a brief discussion, said that there was general agreement among environmental scientists on the importance of action to halt and reverse the current trend to deforestation. The UK had a substantial amount of expertise in this area, and it was in our interest as well as that of the third world to ensure

that it was put to the best use. This was a legitimate area for bilateral aid, and there was a strong case in principle for an increased programme. The position of the Chief Secretary, Treasury had to be reserved on this issue, but the Minister for Overseas Development should raise this with him during the forthcoming Public Expenditure Survey. The UK should seek to use the size of its forestry aid programme to persuade other states in Europe and elsewhere, and also multi-lateral aid organisations, to increase the resources they devoted to forestry.

Ministers were not in a position to decide on the merits of the separate proposals put forward by Sir James Goldsmith to link forestry and third world debt. His track record would suggest that any proposals he put forward would have a sound basis, but on the other hand it would not be right for taxpayers in the developed world to bear the costs of any scheme which involved writing off commercial debt. Ministers would wish to hear his ideas at first hand at the seminar the following week. Finally, the Secretary of State for the Environment and the Minister for Overseas Development should commission their officials, in consultation with officials from other Departments, and the appropriate Research Councils, to carry out further work on the economic aspects of international environmental issues to help prepare a well researched UK paper in good time for the Economic Summit in July.

Research

The Chief Scientific Adviser said that his paper suggested three ways in which the UK's effort in global climate research might be strengthened as part of an international programme. The first was the establishment here of an international centre for climate modelling, based on the work which was already being done, particularly at the Meteorological Office. The second was participation in earth observation satellite projects, and particularly in the proposed ERS-2 satellite. There was a case for an early decision on this item, but it would require the issue of funding to be solved: the Secretary of State for Trade and Industry had offered to provide half of the £60 million which was required over about five years, but the balance remained to be found. The third item was full participation of up to 10 per cent in the international World Ocean Circulation Experiment (WOCE). The financial implications of the first and third items could be left over to be resolved in the Public Expenditure Survey.

The Prime Minister, summing up a brief discussion, said that it would be right for the UK to play its part in an internationally co-ordinated research effort. But we should concentrate on those areas where we had real strengths, at the expense of areas where others were in the lead. The proposal for separating the Meteorological Office functions at Bracknell of British weather forecasting from those of world climatology, where Bracknell had the potential to become an international centre of excellence should be pursued in conjunction with the Ministry of Defence. The

possibility of full participation in the World Ocean Circulation Experiment should also be pursued, subject in both cases to resolution of the financial implications in the Public Expenditure Survey. That would involve identifying other areas where the UK effort could be reduced. There might be a case for an earlier decision on UK participation in the ERS-2 satellite. The Secretary of State for Trade and Industry had offered to provide half the cost, and the Secretary of State for Education had indicated that he was also willing to make some modest contribution. The Chief Scientific Adviser should seek to identify where the additional money could be found within existing budgets, with a view to reporting to members of the Ministerial Steering Committee on Economic Strategy, Sub-Committee on Science and Technology if necessary. If the UK were to proceed it would be important to try to get agreement in ESA to attract in new partners.

Energy

The Secretary of State for Energy said that there had been criticism of the recent reduction in Government spending on energy efficiency. This criticism was misguided. The reduction in expenditure resulted from a shift from substantial spending on publicity and demonstration projects towards a much more targeted approach, building on the work which had been done in the past. Privatisation of the electricity industry would also help to promote energy efficiency, by freeing up the market and encouraging developments such as the use of natural gas, combined heat and power projects and new coal burning technology. Another area which would benefit was the use of methane from landfill sites for electricity generation. But it had to be recognised that whatever action the UK took would count for little against the enormous increase in carbon dioxide emissions which could be expected to take place as a result of the energy policies of developing countries such as China and India.

In discussion the importance of using market mechanisms to encourage sensible decisions between energy alternatives was stressed. The Government were already introducing a non-fossil fuel levy in the electricity industry. There were arguments for recasting this and presenting it as an environmental levy or even as a tax on carbon dioxide emissions. In the longer term there was a strong case for ensuring that fuel prices reflected environmental as well as other costs.

The Prime Minister, summing up the discussion, said that electricity privatisation should help to develop a freer market within which more fuel-efficient forms of generation would be encouraged. The Secretary of State for Energy should consider the points made about the non-fossil fuel obligation including the possibility of emphasising its environmental advantages in public presentation. There were also arguments in principle in favour of ensuring that fuel prices reflected their environmental as well as their other costs. But it would be wrong to take action on this

unilaterally, because of the implications for UK competitiveness. It could only be taken forward internationally. The use of methane from landfill sites for electricity generation would also be beneficial, and the Secretaries of State for the Environment and for Energy should seek to remove any remaining barriers to its developments. Finally there was scope for an agreement between developed countries not to support through aid or other programmes the construction of fossil fuel power stations in developing countries like China and India.

Transport

The Secretary of State for Transport said that the transport sector was responsible for about 20 per cent of UK carbon dioxide emissions. Energy efficiency in transport had been increasing, but this had been outweighed by substantial increases in vehicle mileage. It was clear that the prospect internationally was for a continuing massive growth in vehicle usage, with corresponding increases in emissions. The UK had backed the more efficient lean-burn engine technology for smaller cars, which could be expected to minimise carbon dioxide emissions. But the latest moves in the European Community were in favour of extending the use of 3-way catalytic converters to all models. The other countries who had backed lean-burn in the past were wavering, and it seemed likely that the UK might be overruled on this issue.

In discussion it was pointed out that the scientific advice on the benefits of lean-burn as opposed to 3-way catalytic converter technology had been changing. It now seemed possible that the choice between the two was neutral so far as the greenhouse effect was concerned, taking account of all the emissions. On the other hand there might be scope for further improving lean-burn technology, or even for coupling it with 3-way catalytic converters, to produce a better outcome than was at present achievable.

The Prime Minister, summing up the discussion, said that the Government should continue to back the retention of the lean-burn alternative for smaller cars in discussions in the European Community. Ministers recognised that this option might not prevail. But in that case other countries would clearly be seen to be responsible for rejecting an option which minimised carbon dioxide emissions.

Agriculture

The Parliamentary Secretary, Ministry of Agriculture, Fisheries and Food said that the UK had a good story to tell on agriculture. Forestry in the UK was actually increasing year-by-year, in contrast to the position in most other countries. Action had been taken on farm slurry, partly through Government grants, which was reducing methane emissions. In this area other countries in Europe, such as Denmark and Holland, had worse records. Finally, nitrous oxide emissions were being reduced by general action to cut back on the use of nitrogen fertilizers.

The Prime Minister, summing up a brief discussion, said that the UK had a good record in the agricultural area. We should capitalise on this in international discussions, and should not accept criticism from other European countries whose record was worse than ours.

I am copying this letter to the Private Secretaries of the other Ministers at the meeting, to Shirley Stagg (Ministry of Agriculture, Fisheries and Food), and to the others present.

Yours sincerely

Dominic

(DOMINIC MORRIS)

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