

PRIME MINISTER

CLIMATE CHANGE

Mr. Ridley's attached minute (Flag A) following up the 9 May Ministerial meeting and last month's seminar, is for the most part a round up of measures already in hand (eg. Sir Crispin Tickell's launch of our initiative for a global climate convention).

But the third page suggests some areas where he thinks work needs to be pursued. Most of what he proposes, by way of Cabinet Office co-ordinated action by Departments to work up a best practice convention on forestry and to develop further our scientific case for lean burn instead of three way catalysts in the transport field, seems sensible.

The contentious item is his suggestion that officials should look at the options for environmental charges on emissions of carbon dioxide, sulphur dioxide etc to improve the competition of non-fossil fuel sources. If Mr. Ridley means work on a domestic carbon tax I have to say I think it is a dud idea - it will unilaterally decrease British competitiveness. Cecil Parkinson's response (Flag B) is fairly low key but he also makes the point that the timing of such work on a carbon tax with relation to the Electricity Bill and the flotation prospectus could not be worse.

He accepts that there may, however, be something to be said for developing a better way for marshalling the best arguments we can to deal with proposals for an international carbon tax which are already beginning to surface. (Commissioner Ripa has already floated this idea for the European Community).

On publicity, you had already asked Mr. Ridley to work up some suitable up-dated brochures on the environment for the autumn, taking on board what you have set in hand on global climate issues. He suggests a major international statement by you in the autumn of the UK position. There are certainly

plenty of opportunities, not least CHOGM (and of course it will feature at the Economic Summit) but the main thing must be to continue to develop the substance of our policy first.

And finally I am not sure he is right to propose releasing contributions from Professor Wrigley and Dr. Currie at last month's seminar. DoE have already made them available (with the author's consent) to the Environment Select Committee but they made clear they were acting only as forward agents. To release the contributions in any more public way would, I think, make it more difficult for the Government to distance itself from what are very much personal views (not all of which we would agree with) and could lead to pressure from several participants for their views to be similarly published. Agree:

- that work should proceed as Mr. Ridley proposes on forestry and transport? *Yes*
- that there should not be any further exploration of a domestic carbon tax? *No further work*
- that Cabinet Office pulls together FCO, DoE and others to marshal an effective position against international initiatives on a carbon tax and to get other potential donor countries behind us as allies? *Yes*
- that we should not publish the contributions to the seminar from Professor Wrigley and Dr. Currie? *Agree not*

PP. *Diana Smith (Duty ASK)*

DOMINIC MORRIS
18 May 1989

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