



Budget

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From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon Sir Geoffrey Howe QC MP
Secretary of State for Foreign
and Commonwealth Affairs
Foreign & Commonwealth Office
Downing Street
LONDON
SW1

*NSOM
(until results
of OD (E) discussion
is available).*

13 May 1985

*CDP
13/5.*

Dear Geoffrey

@ Summit

EUREKA

Since we first heard of the French proposals in Dumas' letter to you of 17 April, while EUREKA has gained nothing in precision it has acquired a life and a momentum of its own.

For all their reservations about the proposals, other Member States recognise that the French concern about the failure of Europe to keep pace with the USA and Japan in high technology areas is justified and that present arrangements, either on a Community or bilateral basis, to promote co-operation are either rigid or are not commensurate with the challenge. So the danger is that between now and the Milan Summit we shall be faced with developments born of disorganised discussion, political compromise and special interest. It would not serve our interests if either the Commission succeeds in taking over the concept as a device for pursuing their aspirations to double the Community's R & D budget, nor if another Franco-German understanding emerged with satellite interest from Italy and the Netherlands. Either outcome would undervalue, and push to one side, the importance which we attach to a wider, more open market stimulating technological co-operation and making it possible to exploit the fruits of Europe's R & D potential.

Yet if we are not to be swept along we need to take an effective initiative ourselves. That means something with the elan of EUREKA.

MY2/MY2ABC



My proposal is that the Milan Council should invite Viscount Davignon, with the support of nominated "correspondents" at Ministerial level in interested [European] [Community] capitals, to look into the modalities [non-financial as well as financial] for strengthening technological collaboration; suggest priority areas and specific projects/programmes; and to report back to the [autumn] European Council for its consideration.

If this device was successful ^{13 MAY 1985} most importantly it would

- buy some time, which we all badly need, if EUREKA is to be turned into a workable mechanism;
- given Viscount Davignon's experience and contacts, strengthen the industrial input into the development of whatever emerges;
- give us a better opportunity to inject some of our own thinking - for example, on the contribution of deregulation and an improved internal market framework for enterprise; and by seeking to identify market-led priorities for co-operative action.

I hope we can discuss this proposal at OD(E) tomorrow. If the basic approach commands general acceptance, we can go on to flesh out the details as a matter of urgency. I have indicated some of these in the passages in square brackets.

I am sending a copy of this letter to the Prime Minister, to the other members of OD(E) as well as to Sir Robert Armstrong and Sir Robin Nicholson.

GEOFFREY PATTIE

M12/M12AES

Econ PPT: Bonn Summit

AMBASSADE DE FRANCE
LONDRES

17th April 1985

Dear Mr Appleyard,

I have just received the text of a letter from
Monsieur Roland Dumas, Ministre des Relations Extérieures,
addressed to Sir Geoffrey Howe.

I enclose it herewith.

Yours Sincerely
A. Grenier

A. GRENIER
Minister Counsellor

Mr Wall (E.C.D) (I)

✓ cc PS

PS/Lady Young

PS/Mr Rifkind

Mr Braithwaite

Mr Derek Thomas

Mr Renwick

Mr Jenkins

Mr O'Neill

Mr Blathernick (ESSD)

Mr Houston

Mr A. Ferguson

L.V. APPLEYARD, Esq.,
Private Secretary to
the Secretary of State for Foreign
and Commonwealth Affairs

Downing Street

London SW1A 2AL

Advice please,
coordinated with
ESSD.

ABdd
17/

Monsieur le Ministre et cher ami,

Nous constatons aujourd'hui une accélération spectaculaire de la recherche-développement, en particulier pour ce que l'on appelle les technologies de pointe. L'Europe n'a pas d'avenir si elle ne les maîtrise pas. Dans ce but, à partir de leurs besoins, de leurs intérêts et de leurs objectifs propres, les pays européens doivent s'organiser très rapidement. C'est une entreprise à la fois difficile et stimulante, et les succès communs récents -Airbus, Ariane, Esprit, Jet- indiquent déjà la voie à suivre, et montrent que l'Europe, si elle s'en donne les moyens, peut aussi être un exemple. Après avoir surmonté de nombreux défis depuis l'appel de Robert Schuman, il y a 35 ans, elle doit donc relever aujourd'hui le défi technologique.

Il conviendrait de mettre en place sans délai l'Europe de la technologie, permettant en tant que de besoin une coopération d'égal à égal avec nos grands partenaires internationaux, avant tout les Etats-Unis et le Japon. Une Europe de la sous-traitance, une Europe travaillant sous licence ne serait pas l'Europe.

C'est pourquoi, en accord avec M. Genscher, je vous propose une initiative européenne, ouverte à tous les pays européens intéressés, qui aurait pour objet la mise en place d'une Europe de la technologie.

Ce projet consisterait à constituer une agence de coordination de la recherche européenne (en anglais : European Research Coordination Agency, soit Eureka), dont les structures demeureraient très légères. Cette agence, dotée de l'autonomie juridique et financière, pourrait être chargée d'organiser de façon cohérente les

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activités de recherche développement des pays intéressés, par exemple pour les sujets suivants :

- optronique
- matériaux nouveaux
- lasers de puissance
- grands ordinateurs
- intelligence artificielle
- micro-électronique très rapide et très miniaturisée :
le programme Esprit est tout à fait approprié ; il s'agit seulement de l'accélérer
- Espace : là aussi le programme défini à Rome répond aux intérêts des Européens, mais devrait être encore accentué.

Pour chacun de ces secteurs, un "Comité de gestion" réunissant les gouvernements, les entreprises et les instituts de recherche, serait mis en place en vue d'arrêter un programme européen coordonné. L'expérience, tirée du programme Esprit, de financement conjoint à égalité par les pouvoirs publics et par les entreprises pourrait être reprise et généralisée, en tenant compte des caractéristiques de chaque secteur.

Cette action de l'agence, à laquelle la Communauté serait associée, suppose également une accélération parallèle des efforts propres de celle-ci en ce qui concerne l'ouverture réciproque des marchés publics, la définition de normes européennes et les actions de formation. A cet égard, le dernier conseil européen a défini à Bruxelles des orientations importantes concernant les nouvelles technologies. Mais ces dispositions doivent être rapidement complétées par des mesures pratiques impliquant directement les entreprises et associant effectivement les programmes de recherche des gouvernements

Les recherches visées auront de très nombreuses retombées dans tous les domaines civils, bien entendu, mais aussi dans le domaine militaire. A cet égard je propose de distinguer entre, d'une part les fonctions militaires, à des fins pacifiques car

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concernant la sécurité, qui consistent à écouter, voir et communiquer, et, d'autre part l'introduction d'armes dans l'espace, qui est d'une toute autre nature.

Cette initiative, Monsieur le Ministre, à laquelle la République Fédérale d'Allemagne a accepté de s'associer, ne prendra son sens que si elle permet de déboucher sur un projet européen rassemblant le plus grand nombre de nos partenaires européens.

C'est pourquoi j'attends avec le plus vif intérêt de connaître vos réactions à ces suggestions. Je fais part de cette même proposition aux autres membres de la Communauté et au Président de la commission.

Nous pourrions parler prochainement de ce projet de façon informelle en marge de la réunion de l'UEO à Bonn et de la réunion "Gymnich" à dix en Italie en mai prochain. Une réunion ad hoc pourrait bien entendu être organisée.

En attendant vos propres réactions et propositions, je vous prie, Monsieur le Ministre et cher ami, de croire à l'expression de mes sentiments les meilleurs.

signé : Roland Dumas.

Dear Sir Geoffrey

We are today witnessing a spectacular acceleration in research and development, particularly in what are called the advanced technologies. Europe has no future unless it can master them. To that end, on the basis of their own needs, interests and objectives, the countries of Europe must organise themselves with all speed. It is both a difficult and a stimulating undertaking and recent joint successes - Airbus, Ariane, Esprit, Jet - already point the way and show that Europe too can set an example if it gives itself the means to do it. After rising to many challenges since Robert Schuman first called on it 35 years ago, it must now, therefore, meet the technological challenge.

The Europe of technology must be established without delay, enabling us, as and when the need arises, to cooperate on an equal footing with our great international partners, above all the United States and Japan. A Europe of sub-contractors, a Europe working under licence would not be Europe.

That is why, in agreement with Herr Genscher, I am proposing to you a European initiative, which would be open to all European countries interested and would have the aim of establishing a Europe of technology.

The project would consist in forming a European Research Coordination Agency (English acronym: Eureka) which would remain very lightly structured. This agency, which would have legal and financial autonomy, could be given responsibility for organizing research and development activities in the countries concerned in a

coherent manner, covering the following subjects, for example:

- optronics
- new materials
- power lasers
- large computers
- artificial intelligence
- very high-speed and highly miniaturised micro-electronics: the Esprit programme is perfectly appropriate; it would simply be a matter of speeding it up
- space: here too, the programme defined in Rome meets European needs but should be given even more emphasis.

For each of these sectors, a "Management committee" would be set up, bringing together Government, industry* and research establishments, with the aim of drawing up a coordinated European programme. The experience gained from the Esprit programme, of joint financing on equal terms by the public authorities and industry, could be repeated and generalised, taking the characteristics of each sector into account.

This action by the agency, with which the Community would be associated, also presupposes a parallel acceleration of the Community's own efforts to promote the opening of public contracts on a reciprocal basis, the definition of European standards and action on training. In this connection, the last European Council in Brussels set important guidelines concerning the new technologies. But these provisions must be speedily complemented by practical measures involving industry directly and associating Government research programmes effectively.

The research envisaged will of course have very extensive spin-off effects in all civil sectors, but also in the military field. In this connection, I suggest to you that a distinction be drawn

* Translator's note : Literally "enterprises" or "undertakings". This includes public and private concerns and we have used the term "industry" throughout for the sake of simplicity.

between, on the one hand, military functions - for peaceful purposes since they concern security - which consist in listening, seeing and communicating, and, on the other hand, the introduction of arms in space, which is quite different in nature.

This initiative, Sir Geoffrey, with which the Federal Republic of Germany has agreed to be associated, will come into its own only if it offers the possibility of leading to a European project involving most of our European partners.

For this reason, I look forward with the greatest interest to hearing your reactions to these suggestions. I am putting this same proposal to the other members of the Community and to the President of the Commission.

We could talk about this project soon informally in the margins of the WEU meeting in Bonn and the "Gymnich" meeting à dix in Italy in May. An ad hoc meeting could of course be organised.

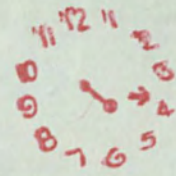
I await your own reactions and proposals and remain meanwhile yours etc. [complimentary close]

[signed]

Roland Dumas

EN MEXIA?

13 MAY 1985



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10 DOWNING STREET

Prime Minister

You might glance
at OD(E)'s minutes.

They record agreement
on a UK position on
EUREKA.

Also agreement to
introduce legislation on
the Revised Own Resources
Decision and the IGA
in June, ^{completing} ~~completely~~ as
many stages as possible by the
time the House rises. CDP 15/5