

CC PC

CDP
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Treasury Chambers, Parliament Street, SW1P 3AG
01-233 3000

FOREIGN SECRETARY

EUREKA

Thank you for sending me a copy of your minute to Norman Tebbit of 3 June. ^{with CDP?}

2. Subject to the points mentioned below, I am content with the draft paper setting out our suggestions for the possible working arrangements of the High Level Eureka Group.

3. First, I welcome the statement in the terms of reference that the main objective of the exercise is "to improve the use of the research resources of the participating countries". I am prepared to agree to the terms of reference on the basis that our objective in these negotiations will be to avoid any commitments to increased public sector funding for R & D expenditure either at the national or the Community level. As I made clear in my minute of 1 May, I could not agree to provide any additions to existing domestic public expenditure allocations (including the Euro-PES baseline) for financing expenditure arising out of Eureka.

4. Second, I agree it is reasonable to draw on the experience and knowledge of senior European businessmen and large public sector consumers as proposed in paragraph 1(b) of the paper. But it is important that their role should be a purely advisory one at this stage. There is



a strong risk that they will see the exercise purely in terms of getting access to more taxpayers' money.

5. The use to be made of the paper at Stresa is very much a matter for your judgement. But I would see a good deal of attraction in circulating it to the French and Germans only in the first instance. It is important that this does not become a Community-run exercise.

6. Finally, paragraph 1(c) refers to Secretariat costs. To the extent that these fall on the UK they will need to be absorbed within existing departmental budgets.

7. Copies of this letter go to other members of OD(E); and to the Secretaries of State for Environment, Energy, Defence, Education and Science, and Health and Social Services; and to Sir Robin Nicholson.

A handwritten signature in dark ink, appearing to be 'NL' with a flourish underneath.

NL

5 June 1985

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