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FROM: CHIEF SECRETARY
DATE: 24 June 1985

PRIME MINISTER

THE AID AND TRADE PROVISION (ATP)

We are to discuss this in EX Committee on Wednesday on the basis of a report from officials (which I have seen in draft) and a paper by Norman Tebbit (EX(85)8) which I have just seen. Norman seeks an immediate decision to increase the ATP from its present level of £66 million to about twice that by 1988-89 (he is not making a bid for the current year, where there is still enough room within the present programme).

2 I understand officials were unable to agree on any offsetting savings from the Trade and Industry or the Employment programme, despite the feeling at the last EX discussion that these were the areas from which resources should be diverted. Clearly we will need to pursue Norman's suggestion of accommodating any additional expenditure within the existing aid programme; but Geoffrey Howe is bound to resist this strongly.

3 In the circumstances, I feel bound to express my deep concern that we should not take any decision in EX which could pre-empt decisions which we will have to take later in the year on the Survey as a whole. As you know from our preliminary discussions this is not going to be an easy Survey, and I shall be forced to look for savings in some programmes to offset inevitable growth in others. I would be extremely reluctant to see decisions taken now which, by creating net additions, reduced our room for manoeuvre in the autumn.

for PETER REES

[Approved by the Chief Secretary]

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