



From the Minister of State
for Industry and Information Technology

GEOFFREY PATTIE MP

Rt Hon George Younger MP
Secretary of State
for Defence
Ministry of Defence
Main Building
Whitehall
LONDON SW1

DEPARTMENT OF TRADE AND INDUSTRY
1-19 VICTORIA STREET
LONDON SW1H 0ET

Telephone (Direct dialling) 01-215)
GTN 215) 5147
(Switchboard) 01-215 7877

18 February 1986

Dear George.

EUMETSAT HEADQUARTERS

Officials meeting under the Chairmanship of Sir Robin Nicholson have recommended that the UK should bid to host the headquarters of Eumetsat, the new European meteorological satellite organisation. I think this would be a right move and I invite your assent and that of Sir Geoffrey Howe, to whom I am copying this letter, authorising the Meteorological Office to negotiate with EUMETSAT to secure the headquarters for the UK, with the help of an inducement package of up to a certain value.

I see the ^{att}inducement package outlined in Sir Robin Nicholson's letter of 4 February, a copy of which I attach for convenience, very much as a ceiling for the negotiations which I hope can start at a much lower level. In the full package the payments do not become substantial until 1987/88 but Treasury have taken the view that financial provision will need to be within existing limits for your Ministry and my Department, operating through the British National Space Centre. A significant part of the inducement package would need to be an enhanced UK contribution - a further 1% - to Eumetsat from 1989 for 7 years corresponding to

FE2/FE2ABP

17 86
19
BOARD OF TRADE
BICENTENARY



about £400K a year. This would counter a similar German offer. This extra contribution is needed to close a subscription gap in Eumetsat's first 10-year plan, which is largely for a second generation weather satellite system for Europe. There is a certain inevitability that at some point we and other countries and especially those with space industries, would have to cover this deficit, in any event.

The proposed UK offer would be a site at Shinfield Park near Reading adjoining the European Centre for Medium Range Weather Forecasting with which it would share computer and other facilities. Germany has selected Darmstadt where there could be a similar sharing of resources with ESA's European Space Operations Centre. The French are offering Strasbourg alongside other European institutions. Against such strong bids, we need to offer a location such as Shinfield, which in addition to adjoining an existing Forecasting Centre is near Heathrow and has good communications to London, to have a chance of succeeding.

The benefits in time could be substantial. Weather satellites can be expected to provide a continuing and developing application of space technology. Having the headquarters here will make us the focus for processing the satellite data, for communicating it to others throughout Europe and for networking it world-wide.

Sir Robin Nicholson mentions in his letter our bid for the Community Trade Marks Office (CTMO). The negotiations on the CTMO are in fact likely to be nearer at hand than indicated in the letter; we expect the Commission to ask for firm proposals within the next two months. I do, however, consider that at present there is no reason not to go ahead with the EUMETSAT bid because of our interest in the CTMO. The time may come, particularly if we reach the stage of "horse trading" with, perhaps, the Germans, when we shall have to decide collectively between our two bids, but at this stage I think that we should go strongly for both organisations.



I propose that the BNSC should provide 50% of any inducement package agreed, up to the limit outlined in Sir Robin Nicholson's letter, out of its existing PES allocation from the DTI. I would be grateful for your agreement that the Ministry of Defence would be prepared to provide the other 50% of any finance necessary within these limits, and your agreement and that of Geoffrey Howe that the Meteorological Office should be authorised to negotiate with EUMETSAT up to these limits and that these negotiations should be supported by canvassing amongst the other member states of EUMETSAT likely to be sympathetic to our case.

Copies of this letter go to the Prime Minister, Geoffrey Howe, Nigel Lawson, Nicholas Edwards, Norman Tebbit, Tom King, David Young, Kenneth Baker, Malcolm Rifkind and Sir Robin Nicholson.

A handwritten signature in cursive script, appearing to read "John Lewis".

A handwritten signature in cursive script, appearing to read "Geoffrey Pattie".

GEOFFREY PATTIE

FE2/FE2ABP