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PRIME MINISTER

CC

SPACE AND AIRBUS

E(A) is scheduled to discuss the UK space programme on Thursday after Cabinet on the basis of the two papers attached.

As asked, the Cabinet Office have set out expenditure by departments, some part of which might be reduced or diverted to help pay for extra expenditure on space. This does not however take things much further forward and it would be difficult for E(A) to reach a conclusion on Thursday on this basis.

As you know, coming along rapidly is the proposal for huge extra expenditure on Airbus launch aid, and discussions on support for Westlands are also in progress.

I have consulted the Lord President through his office to see whether he might be able to make progress on space if he held a meeting with Mr. Channon and the Chief Secretary. He does not think he could, and in any case there would be a lot to be said for taking at least Airbus and space together.

Accordingly, I have discussed with DTI (who are content) and with the Treasury (who have not objected) the idea of a meeting in place of E(A) next Thursday to discuss space and Airbus. This might be attended by Mr. Channon, Treasury Ministers, the Lord President and Mr. Tebbit. It could take note of the position reached by them on Westlands but it would probably not be desirable for Mr. Younger to be present, since his programme is a ~~major~~ potential source of funds for supporting space research. (Mr. Younger and Mr. Channon are to see Sir John Cuckney on Monday.)

Would you be content to postpone E(A) and hold a small meeting in this way?

JKS *Yes not*

David Norgrove

20 February 1987

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