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SECRETARY OF STATE FOR TRADE AND INDUSTRY

1. I have been following with interest and some concern the latest developments in the negotiations between the European Space Agency and the Americans over the proposed International Space Station.

2. These negotiations have been difficult, and the Americans have raised some new problems with their revised draft Intergovernmental Agreement: US Department of Defence interest and the SDI aspects will cause problems for some of the European countries, and for the Canadians and the Japanese. We too will need to keep a careful watch on these issues before taking final decisions about our continued association with the project.

3. Your officials are working closely with mine and I am content with the approach they are taking. It will be important to maintain this closely coordinated effort in what look like being crucial discussions in the weeks ahead. Subject to our own decisions on the British National Space Plan, it seems right that the United Kingdom should try to persuade our European Space Agency partners not to give up the negotiations with the Americans at least until all the possibilities of success have been explored. Among these

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possibilities I include the elaboration of a firm and united European position, intended to show the Americans that totally inflexible positions on their side will not be accepted, and could lead to the breakdown of the concept of a truly international Space Station as envisaged by President Reagan in 1984.

4. I understand Geoffrey Pattie has discussed the matter with NASA officials lastweek. I myself am seeing George Shultz on 9 April and intend, if you think it would be helpful, to mention the problem to him in an effort to move things forward.

5. I am sending a copy of this minute to the Prime Minister, George Younger, Kenneth Baker and Sir Robert Armstrong.

A handwritten signature in dark ink, appearing to be 'G. Howe', written in a cursive style.

(GEOFFREY HOWE)

6 April 1987

Foreign and Commonwealth Office