



From the Chancellor of the Duchy of Lancaster
and Minister of Trade and Industry

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THE RT HON KENNETH CLARKE QC MP

David Norgrove Esq
Private Secretary to
the Prime Minister
10 Downing Street
LONDON
SW1

23 October 1987

NBM.

Dear David,

ESA MINISTERIAL MEETING 9/10 NOVEMBER: SCIENCE

The Chancellor of the Duchy wrote to the Secretary of State for Education and Science on 16 October giving him advance notice of the line he proposed to take on the ESA science budget at the Ministerial meeting on 9/10 November. You may be interested to see a copy of his letter (attached). The Secretary of State for Education and Science has already copied round his reply of 21 October.

I am copying this letter to Private Secretaries to members of E(ST), Trevor Woolley and to John Fairclough.

Yours sincerely,

P J SMITH
PRIVATE SECRETARY

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THE RT HON KENNETH CLARKE QC MP

Rt Hon Kenneth Baker MP
Secretary of State
Department of Education
and Science
Elizabeth House
York Road
LONDON
SE1 7PH

16 October 1987

Dear Ken,

ESA MINISTERIAL MEETING 9/10 NOVEMBER: SCIENCE

You will recall that E(ST) agreed on 1 October that we should go forward to the forthcoming European Space Agency (ESA) Ministerial Meeting at The Hague on the basis that there would be no additional funds for expenditure on space.

I shall shortly be writing to the Prime Minister setting out the line I propose to take at the ESA Meeting. In accordance with E(ST)'s decision, I intend to oppose proposals which the ESA Executive are expected to put forward for increased expenditure in a number of areas. One of these is likely to be a recommendation for a 5% pa increase in the science budget for the period 1990/1994.

Science is one of ESA's mandatory programmes, to which member states contribute at GNP level; in our case currently about 16%. Our contribution is largely funded by SERC, who are, I understand, firmly against any increase in expenditure. Their position is outlined in the attached background paper.

Since this is essentially a science matter I wanted you to know in advance the line I would be taking. I assume that you would want us to take a firm line here as in other areas of ESA's proposals.

OC5AAL



It may, however, result in our having to exercise a veto since the science budget is mandatory and any increase would require unanimous approval.

If you do have any comments on my proposed position on the science budget I should be grateful if your office could let mine know urgently.

A handwritten signature in dark ink, appearing to be 'J. L.' with a flourish.

KENNETH CLARKE

BACKGROUND PAPER FOR MR KENNETH CLARKE - SPACE SCIENCE PROGRAMME

1. The mandatory space science programme is mainly concerned with astronomy, studies of the Earth's atmosphere and the sun. Until 1985 the procedure for choosing space science missions was that up to say four proposals would be put to ESA's science programme committee every two or three years and one would be selected on scientific merit. There was no long-term plan.

2. At the 1985 Ministerial meeting ESA came forward with a twenty year plan for the science programme called "Horizon 2000", which had been agreed by space scientists throughout Europe and sought additional funds for its full implementation. At the end of 1984 the level of resources available for the science programme was about 140M ESA Accounting Units (about £100M). They sought to increase this by 7% pa for seven years.

3. In the run up to the January 1985 meetings, and before the formation of BNSC there was considerable discussion between Departments about the line that should be taken at the Ministerial meeting. Regarding the science programme the SERC/DES line was that no new money was available for space science, because of higher priority demands on the DES Science Budget.

4. An increase in the science programme requires the unanimous agreement of all ESA member states. There was considerable debate about the proposed increase and in the event the UK Government was party to an agreement that science programme funding should rise by 5% a year for the five calendar years 1985-1989 (roughly half the total amount ESA was requesting). This will result in a level of resources for science of about 180M Accounting Units by the end of 1989 (£126M). E(A) Committee decided that the extra costs should be borne by DTI, MoD, DoE and the Department of Transport.

5. The Horizon 2000 science programme consists of a mixture of small and medium projects and four major "cornerstone" missions. At the forthcoming Ministerial meeting ESA may be seeking a further increase of 5% a year for the calendar years 1990-1994, which would bring the level of resource to that originally sought by ESA in 1985. The additional UK funds required to meet such an increase would be:

	1989/90	1990/91	1991/92	1992/93	1993/94	1994/95
£M	0.6	2.0	3.3	4.8	6.3	7.0

Officials are still discussing whether the increase for the last two years will be requested by ESA.

6. An additional £4Mpa is needed from 1989/90 onwards to meet unavoidable costs due to adverse exchange rate movements since October 1985.

7. There is a proposal from some European states that a quarter of the full optional programme for microgravity research should become mandatory and its cost added to the current mandatory programme. This would then cost the UK about £3.5M in 1989/90 rising to about £4.8M by 1992/93. The UK Research Councils would wish it to continue as an optional programme and there is no UK provision for the ESA microgravity programme beyond 1989.

8. The SERC, who currently spend about £30M pa on space through the BNSC of which about £16M is paid direct to ESA (the remainder being necessary to provide instruments for ESA missions and to develop underpinning technology) believe that the present volume of ESA's science budget is adequate and are not prepared to fund any further growth. It may be that greater emphasis should be placed within the Horizon 2000 programme on small and medium scale missions at the expense of one or more of the prestigious cornerstone missions.

9. The BNSC Management Board at its recent meeting on 12 October endorsed the view that since there were no new funds available the Minister should oppose a further increase in the ESA science budget. It should be possible to devise an adequate programme from the current level of resources. It is necessary to preserve the UK's domestic expenditure at the present level to enable UK scientists to participate effectively in the ESA missions.

10. In opposing any further increase in the ESA mandatory science programme and general budget the UK could well be isolated, but the SERC (and UK-officials) view is clear, ie that there should be no increase in funds for the mandatory science programme.

11. ESA will argue that such a line will wreck the whole plan which was only agreed by consensus throughout Europe. The response to that could be either.

a. stretch the programme out in time: to match the annual resources available but this could be regarded as yet another example of the UK's lack of commitment to European scientific collaboration;

or b. seek additional partners in the programme (NASA, USSR).