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From John W Fairclough FEng
Chief Scientific Adviser

W0246

CONFIDENTIAL

Rt Hon Kenneth Clarke QC MP
Chancellor of the Duchy of Lancaster
Department of Trade and Industry
1 Victoria Street
London SW1

5 November 1987

NBSM

Dear Chancellor,

SPACE

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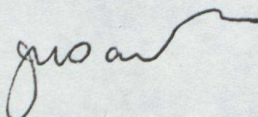
As promised in my minute to the Prime Minister of 27 October, I have now held discussions with Departments, including officials from the BNSC, on how our overall approach to space can be presented in the most positive light. We focussed particularly on steps that could be taken to give you the best chance of gaining support for your line at the ESA meeting next week.

I have five suggestions to make:-

- a) contact with the Germans. I believe you should talk to Riesenhuber at the earliest possible opportunity. The German Government has not yet decided its line for next week but a decision is imminent. The Germans are under great pressure from the French and agreement to a substantial increase in their space budget is likely. From a discussion I had with him at the OECD meeting last week, Riesenhuber is not unsympathetic to the UK position particularly with regard to our proposal for industrial involvement - on which he asked for a paper. We understand their final decision is to be taken tomorrow morning. If you are to have a chance of persuading the Germans to accept your position, you need to talk to Riesenhuber before then. You also need to discuss with him the proposal that he should chair the ESA meeting in place of the Dutch. If he does so, we may hope for a reasonably supportive line from the chair. However, we cannot expect this to help us very far if we cannot adopt a more positive stance on the following points;
- b) clear proposal on form of industrial participation in ESA. If your line is to carry weight next week, I believe it is essential that you are able to present a reasonably clear idea of how industrial involvement might be secured in ESA programmes and what changes in the ESA mechanisms and structure would be needed to achieve joint funding arrangements. The details would of course be for the ESA Secretariat but, anticipating the opposition you may expect from some quarters, you will be much more convincing if you have a clear outline of the sort of arrangements you believe would work;

- c) industrial involvement in British space efforts. On the basis that we should practise what we preach, you may be asked how successful we have been in involving British industry in our own space effort. The more hard evidence and example you have on this, the better;
- d) financial flexibility. The Foreign Secretary drew attention to the importance of your having the flexibility at next week's meeting to maintain a UK position in projects whilst other options were considered. The Prime Minister and the Chief Secretary have indicated their readiness to accept this provided it is within current public expenditure provision. It seems highly likely that European partners will expect you to give some indication of your position on this at the meeting. They will be aware of the message about the UK economy in the Chancellor of the Exchequer's Autumn Statement. Quite apart from any room for manoeuvre there may be in the DTI's own budget, it would be helpful if you had clear advice from your Department about the extent to which you could draw on the £10m a year which industry has offered for national space projects. This could create room to redeploy your existing space provision;
- e) publicity. It will be important to keep driving home the message at the beginning of the article you wrote for the Times yesterday about what we are doing in space to counteract everything that will be said about what we are not doing. If the proposal for a further increase in the mandatory science programme is to be vetoed, for example, this will need careful presentation, eg as the UK view that a decision on the resources for the science budget should be taken in the context of a revised ESA programme, rather than an outright rejection of space science as such.
- 3 I hope these points will be helpful in your preparation for next week's meeting. I would be very happy to assist with any follow up work afterwards.
- 4 I am copying this letter to the Prime Minister, other members of E(ST) and to Sir Robert Armstrong.

Yours sincerely,



JOHN W FAIRCLOUGH

AGROSPACE: Space PT3

