



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

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Private Secretary to the
Prime Minister
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11 November 1987

Dear David,

ESA MINISTERIAL MEETING, THE HAGUE, 9/10 NOVEMBER

I attach a draft statement reporting the outcome of the ESA Ministerial meeting which concluded late yesterday. The Chancellor hopes to be able to make the statement in the House today although this will obviously depend on what happens to the day's business.

I am copying this to Tony Galsworthy (FCO), Alex Allan (Treasury) and Tom Jeffery (DES).

Yours sincerely,

PETER SMITH
PRINCIPAL PRIVATE SECRETARY

NO2ACH

ESA MINISTERIAL MEETING, THE HAGUE 9/10 NOVEMBER

DRAFT STATEMENT BY THE CHANCELLOR OF THE DUCHY OF LANCASTER

1 With permission, Mr Speaker, I should like to make a statement on the outcome of the European Space Agency Council meeting at The Hague on 9/10 November.

2 The 13 ESA members states met to discuss wide-ranging proposals for the Agency's future development. This was the first Ministerial meeting since the Council in Rome in 1985 when members agreed on a balanced long-term plan for the next decade with the aim of moving by measured stages towards a wider European space capability. The UK played a leading part at that meeting. We have since underlined our commitment to ESA by the significant increased funding we have provided - no less than £85 million this year alone.

3 Since the Rome Ministerial meeting, our commitment to European co-operation in space has not changed. What has changed, however, is the scale of ESA's aspirations. Overall, the total cost of the proposals put to us at The Hague would increase spending on space by more than two and a half times over the next 5 years. For the UK, agreement to these programmes would have meant an increase to over £200 million - the equivalent of more than a dozen new NHS hospitals - every year.

4 Our objection is, however, not solely that the bill is so huge. We recognise that space research is expensive. It is that we cannot see sufficient scientific, industrial or commercial benefits to justify such a huge increase. My approach at the Council was therefore to press for a re-assessment of priorities under present day conditions and to develop a strategy designed to achieve worthwhile aims which would yield solid returns.

5 Three major new optional programmes were presented by ESA: Ariane 5, a new launcher capable of putting 3 satellites into orbit; European involvement in the Columbus space station project; and, at French insistence, the Hermes manned spaceplane. I made clear at the outset that I could not endorse the grandiose ambitions of the Hermes programme to put man in space by the year 2000. At enormous expense this would only achieve essentially what the United States achieved in the 1960s. There was considerable sympathy for my view from a number of other Member States and it remains to be seen whether they will formally sign up to this programme in its entirety. At the moment only five countries out of 13 have committed themselves to making a contribution to the first phase of development.

6 On the Columbus space platform programme there has been no satisfactory conclusion yet to negotiations with the Americans about European participation. I declined to agree to proposals that Europe should in any event go ahead with a separate and parallel version of the Columbus programme if agreement with the US could not be reached.

7 I said we would consider further the proposal for a polar platform associated with Columbus. This would be an unmanned space vehicle, primarily for each observation, that would be complementary to a similar US platform. Our final position on this will depend on further discussions I shall be holding with UK companies, including the financial contribution they would be prepared to make to ensure their participation either in contracts to which they attach significance or as users of the platform.

8 My approach to Ariane 5 rocket proposal was that emphasis should be given to ensuring that ESA has a fully commercial launch capability. It is important to give European industry ready access to a launcher for telecommunications and other satellites. Again, however, I had to question the vast increase that some other members wanted to see solely in order for Ariane 5 to be man-rated and to enable it to launch spaceships as well as satellites.

9 The ESA Executive also brought forward proposals for increases in the mandatory science and general budgets. These had already enjoyed major increases since the Rome Ministerial. The science budget will have increased by some 27% in real terms between 1985 and 1989. ESA proposed a further increase of 5% per annum in real terms up until 1992. Professor Mitchell, the Chairmn of SERC, and I had to make clear that there could be no justification for such a proposal. In our opinion, ESA could and should achieve the agreed scientific objectives within the currently agreed funding level. I could therefore not endorse the proposed increase.

10 Throughtout the proceedings I emphasised the need to take a fresh look at some of the new and hugely expensive ESA proposals which largely derive from a desire to follow the Americans into manned space craft. I confirmed our substantial support for those parts of the established programme which gave due weight to industrial, economic, commercial and scientific considerations. I also argued for greater involvement of industry and users in the planning and financing of programmes. There was support from a number of other Ministers for these aims - indeed several of them were incorporated within the final Council resolution.

11 The UK remains one of the major participants in European space programmes. We have a budget of over £110m a year and we will continue to ensure that this is used as effectively as possible. We will continue to play a constructive role with our European partners and I shall be holding meetings with UK companies to see how this can best be achieved.