

PRIME MINISTER

SPACE

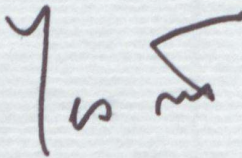
The Chancellor of the Duchy's minute of 1 February (flag A) sets out the conclusions of his review of policy and expenditure on space. In brief, he proposes continuing with total expenditure at around current levels but concludes there is no case for entering into the major new projects of Ariane V, Columbus, Radarsat or HOTOL. The minutes of 3 February from John Fairclough (flag B) and George Guise (flag C) support Mr. Clarke's conclusions. But they go on to propose the need for a more fundamental review of the longer term direction of our space programme and relations with ESA.

On handling, Mr. Clarke needs to tell ESA of decisions on some of the possible new projects by 10 February. He also has oral questions that day, including one specifically on future space policy and he intends to use this as an opportunity to announce decisions.

Archie Hamilton tells me that you are being pressed strongly to meet leading Conservative supporters of a more active space policy before decisions are announced - specifically, Peter Emery and John Wilkinson from the Commons and Lords Caldecote and Bessborough. Archie thinks it would be difficult for you to refuse to see them. If you agree to meet them it will need to be before 10 February.

You might like to consider proceeding on the following lines:

- (i) endorsing the conclusions in Mr. Clarke's minute of 1 February, and the proposed arrangements for announcement on 10 February;
- (ii) agree to see the Conservative delegation after Questions next Tuesday;

~~~~~ 

- (iii) invite Mr. Clarke to prepare a further paper for E(ST) in the late summer on the longer term direction of the UK space programme.

Content?

HC6.

PAUL GRAY

4 February 1988