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PRIME MINISTER

SPACE

Kenneth Clarke's minute of 11 April gives his conclusions following further consideration of the options on Earth Observation projects and the Aramis communication project.

There are three options for Earth Observation - Columbus, ERS-2 (both under ESA), and Radarsat. Industry has now reached a firm view in favour of Columbus, and Kenneth Clarke suggests we should now participate with a 5.5% share. He is prepared to find the small residual funding requirement from DTI programmes.

He concludes we should not participate in Aramis.

Both Geoffrey Howe and John Fairclough (minutes of 13 April) endorse these conclusions; although Geoffrey Howe thinks the Canadians need careful handling about the proposed rejection of Radarsat. I gather that the Chief Secretary and George Younger will also concur subject to minor detailed comments. The Policy Unit are also content.

John Fairclough rightly points out that, although these conclusions complete the greater part of the longer term review of space you commissioned in early February, there remains the need to review the structure and management of the British National Space Centre (BNSC).

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RS mr
- i) To endorse Kenneth Clarke's proposed support for Columbus and rejection of the other projects, subject to handling the Canadians in the way proposed by Geoffrey Howe?

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- ii) To commission the further review of the structure and management of the BNSC?

Recd.

Yes not

Paul Gray

13 April 1988