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the department for Enterprise

PERSONAL

The Rt. Hon. Lord Young of Grassham
Secretary of State for Trade and Industry

Charles Powell Esq
Private Secretary to
Prime Minister
10 Downing Street
LONDON
SW1

Prime Minister

Advice for your
meeting with Mr. Tebbit.

The key points are:

- there is no question of
support from public funds.

- there seems to have been
been a plan to appoint Geoffrey
Pathe as Chairman. Mr. Tebbit probably
does not know about this.

Direct line 215 5422
Our ref PB3BGF
Your ref
Date

24 June 1989

Dear Charles,

USSR: BRITISH ASTRONAUT PROJECT

There is some risk of
putting the Americans nose out of
joint.

You wrote on 17 June about Moscow Narodny Bank's invitation to
Mr. Norman Tebbit to chair the company that would select a
British citizen to be an astronaut in a Soviet space launch,
and try to raise commercial sponsorship for the project.

The project is a private sector venture which was strongly
supported by the Soviet Union prior to President Gorbachev's
visit. The project envisages a competition, operated possibly
through one or more of the clearing banks, to select a British
candidate astronaut. He would then receive Russian language
training prior to training in the Soviet Union, with an
intended launch in Spring 1991. The Soviet Union are
approaching other Western countries, including France and West
Germany, about participation in similar projects.

The UK project's financing has had a chequered history. More
recently, it appears to have been put on a sounder footing
with the intervention of Moscow Narodny Bank, who are
underwriting the project, at least initially until they can
replace their financial involvement with commercial
sponsorship. They have set up a subsidiary company, known as
Antequera (though its name is likely to change), to manage the
competition, organise the sponsorship and arrange the series
of experiments which are to be carried out on board the Mir
Space Station by the British astronaut. The bank have
subcontracted the handling of publicity to Saatchi and
Saatchi.

In essence the decision
is for Mr. Tebbit. We would
not stand in the way -
but he needs to reflect
carefully.

COP.

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An agreement with the Soviet space organisation, Glavcosmos, was signed in April granting the rights to the project to Moscow Narodny bank. They are planning a major public announcement Moscow next week and have asked my Secretary of State to witness the public signature.

Subject to greater certainty that the event is going to go ahead - it has already been promised only to fall away twice in past Ministerial exchanges - my Secretary of State is prepared to be present at such a ceremony. We have been at pains however to make clear that this implies no special Government commitment to the project - a point that Mr Tebbit will need to understand.

The company has yet to appoint a chairman, who is intended to be present in Moscow to sign the agreement. Sir Geoffrey Pattie was approached recently about this appointment and apparently accepted it. We were therefore surprised to hear that Mr Tebbit had also been approached. We understand from Moscow Narodny Bank (who have been keeping us informed about the project) that their Chairman, Mr Maslov, wanted to appoint a chairman with a higher public profile than Sir Geoffrey. Sir Geoffrey has apparently been told that there may be an obstacle to his appointment. Mr Tebbit has not been told that he is in competition.

Since this is entirely a private sector project, we cannot advise Mr Tebbit officially. It must be left to his own judgement. If the project fails, we would not wish to support it from public funds, either in cash or by free use of Government R&D Establishments. However if it succeeds, it will be helpful to our relations with the Soviet Union. Our position should therefore be one of detached benevolence. We see no objection to either candidate under consideration by the Moscow Narodny Bank.

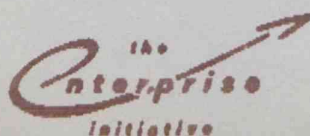
There have been direct contacts with the Americans, who have raised no objections.

I am sending a copy of this letter to Stephen Wall (FCO).

Yours aw.

Neil Th

NEIL THORNTON
Private Secretary



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C.D.P.

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