

W0184

CONFIDENTIAL

PRIME MINISTER

21 July 1989

SPACE: FUTURE ROLE OF BNSC

I have seen a copy of the Secretary of State for Trade and Industry's minute to you of 19 July.

2. In my opinion the proposals he makes involve a more fundamental change than he takes credit for. I strongly support the model underlying his proposals, whereby BNSC would act on behalf of a number of different Departmental customers - and hopefully private sector industry as well. This is at the heart of his observation that space is a means to a variety of ends. So far DTI has been responsible for all the applications programmes of ESA but only in order to demonstrate the commercial potential of the technologies. For the future, as the technologies mature, he wants to consider vesting financial responsibility in those Departments, including DTI, with a direct customer interest in the application, as DOE for example has in earth observation satellites. BNSC would then provide a central focus for dealing with the European Space Agency on the range of projects to which the UK wished to commit itself. In essence, this is the concept which my predecessor advocated when he proposed the establishment of the BNSC.

3. The financial arrangements to which Lord Young refers in the penultimate paragraph of his minute are at the heart of this proposition. He says that further time should be devoted to reflecting on the issues involved. I am sure that is right. Since the decision on this is so central to the role and structure of the BNSC, I do not think it would make sense to try and settle the question of its future independently of the financial issues. The

CONFIDENTIAL

immediate decision could then be left over for the time being.
I would be very ready to help in these further discussions if the
Secretary of State would find it helpful.

4. I am sending copies to members of E(ST) and to Sir Robin Butler.

gwb

JOHN W FAIRCLOUGH
Chief Scientific Adviser



