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The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
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WAM

*File
10/8*

Dear Mr. Ridley,

ERS-2 SATELLITE

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will request if required.
In his letter of 22 June, your predecessor asked whether DES was able to find the cost of the advanced ATSR instrument (AATSR) on the proposed ERS-2 satellite as part of the proposed overall UK contribution of just under £60m towards the cost of the satellite.

Kenneth Baker is on record as having offered to contribute in a modest way to the ERS-2 satellite and I agree that, in principle, the most appropriate way would be to organise the supply of the AATSR. However, I can see no prospect of finding as much as £13.5M in total, or the specific sums quoted by David Young over the period 1989/90 to 1992/93.

I understand that the historic cost of the ATSR on the ERS-1 satellite, updated to 1989/89 prices, was about £6m, and that that figure included contributions from other countries. On the basis of the total cash flow for UK participation in ERS-2 and a realistic estimate of inflation of the £6m cost of the ATSR, I have included a bid for £2m pa in this year's PES. Since

other priorities do not allow for reallocation from elsewhere, a total of £6m should be regarded as a maximum contribution over these three years.

In order for me to pursue this PES bid vigorously, the first priority must be to obtain a realistic estimate of the cost of constructing the AATSR, and to explore the possibility of obtaining other partners to help with the funding of this instrument, as was the case for ESR-1. It will also be essential to examine the implications of the proposed increase in the AATSR specification over the instrument on the ERS-1. My officials are in contact with yours and I understand that it will be some time before a firm estimate for the cost of constructing the AATSR is received from British Aerospace. We are also exploring the possibility of RAL performing the same coordinating role for the construction of the AATSR as it has done for the instrument for the ERS-1.

Yours,
JH

- COPIES GO TO -

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- ① PRIME MINISTER
 - ② MEMBERS OF E(ST)
 - ③ SIR ROBIN BUTLER
 - ④ JOHN FAIRCLOUGH

