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Treasury Chambers, Parliament Street SW1P 3AG

The Rt Hon Nicholas Ridley MP
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

14 September 1989

Dr Neil

1989 PUBLIC EXPENDITURE SURVEY: ERS-2

Thank you for your letter which arrived here on 31 August. I understand your concern to be in a position to announce a UK decision to participate in ERS-2 at the October Council meeting of the European Space Agency, and to use this prospect in order to lever a decision by ESA in favour of the BAE platform for the Columbus project. It is helpful that you are prepared to absorb the costs not covered by other departments - save those which Kenneth Baker indicated that DES would be willing to meet - by offering reductions in your other cash limited programmes; and of course we will shortly be discussing your PES requirements across the board.

Ideally, we ought not to move to a decision on ERS-2 until PES discussions are completed, particularly in what promises to be a very difficult PES round. But on the basis that you are prepared to meet the additional expenditure of £3.8, £4.5, £2.2 million from within your programme as reduced by the amounts which I understand you are prepared to offer, and also on the basis that John MacGregor can confirm that the DES contribution will be forthcoming, whatever the outcome of his PES discussions, I would be content for you to give an advance indication to the ESA that you will be giving formal agreement at the October Council meeting.

We will need to do further work on the general issue of bringing together policy and funding decisions in the area of interdepartmental space projects, and I have asked my officials to pursue this with yours.

I am copying this letter to the Prime Minister, to other members of E(ST), and to Sir Robin Butler and John Fairclough.

A stylized handwritten signature of Norman Lamont, consisting of a large 'N' and 'L' joined together.

NORMAN LAMONT

AGLOSPACE: Space PT4