

CONFIDENTIAL



File - NPPM

Treasury Chambers, Parliament Street, SW1P 3AG

The Rt Hon Lord Young of Graffham
Secretary of State for Trade and Industry
Department of Trade and Industry
1 - 19 Victoria Street
London
SW1H 0ET

12th July 1989

Dear David,

GLOBAL CLIMATE: ERS-2

file with CS

Thank you for your letter of 22 June.

The Prime Minister's meeting on 19 April agreed that UK participation in ERS-2 will depend on agreement between the departments about how the cost is to be met. You have agreed to meet 50 per cent of the cost and Kenneth Baker has agreed to provide £2m towards the cost of instruments. These feature in your Survey proposals and I will be discussing with both of you in September how this can be met from within your respective programmes. But other interested colleagues have so far given no indication that they are prepared to meet the balance of the cost, or of the priority they attach to this project against other items of expenditure within their programmes. Unless we have settled your programme, and unless colleagues have confirmed that they will provide the necessary money from their programmes - perhaps in the proportions suggested earlier by John Fairclough - I fear that we will be unable to make a commitment to participation in the autumn.

You also raise the question of how any UK contribution to ESA in respect of ERS-2 should be paid. Subject to satisfactory agreement with colleagues about how the cost is to be shared between departments, I see no difficulty in your proposal to carry the contribution on the DTI Vote. The relevant amounts would be deducted from the programmes of the departments concerned and added to yours at the end of the Survey, so the provision would appear in the DTI figures in the Autumn Statement. There would of course have to be a clear understanding that any savings which may arise on this would not be available to offset increased expenditure on other parts of your programme.

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

Yours Ever
JOHN MAJOR *John*

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