



~~CE NO.~~

NBPM  
AT 30/11

W.0805

30 November 1983

MR TURNBULL

ESPRIT

with AT?

I have seen a copy of your minute of 30 November to Callum McCarthy. Although I understand the Alvey Directorate is providing the answers to your questions, several of them relate to other advice which I have given to the Prime Minister in the last day or two, and I thought it might be helpful to have some cross-referencing to this.

(i) The answer to this question is that the UK share of overall Community expenditure is estimated at 22 per cent.

(ii) Much of the weakest Community research is carried out in the Joint Research Centre which is the subject of my brief for the Prime Minister for the Athens Summit, "Science and Technology Aspects of New Policies". For convenience I attach a copy of this brief which I think makes clear that the principal obstacles to cutting back weak Community research have been political.

Overlap

(iii) I deal with this question in my minute to the Prime Minister of 28 November, W.0792.

(iv) I believe the answer to this question is that the Government was already aware of the likely size of the ESPRIT programme when the Alvey decision was made. Certainly officials were aware although to be fair, it had probably not been considered by Ministers outside DTI.

I am copying this minute to the Alvey Directorate and the European Secretariat.

RBN

ROBIN B NICHOLSON  
Chief Scientific Adviser



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COPY NO

29 November 1983

EUROPEAN COUNCIL, ATHENS

4/6 DECEMBER, 1983

SCIENCE AND TECHNOLOGY ASPECTS OF "NEW POLICIES"

Brief by Cabinet Office

OBJECTIVE

1 To start the process of redirecting EC R & D resources to more efficient and relevant programmes; to cut out waste in the Joint Research Centre of the EC; to control the overall cost of the Commission's proposals.

POINTS TO MAKE

2 If R & D in Europe is to be successfully exploited, the internal European market for high technology products must be a genuine common market. The proposals in the Commission paper to remove obstacles which currently prevent this are welcome.

3 R & D in European private sector industry must be competitive with that in Japan and the USA. In some industries this will require collaborative private sector research which can be stimulated by the EC as in the ESPRIT programme.



4 The Community's R & D resources must be used more efficiently. Experience shows that large joint European laboratories are only effective if they have a clear single task of limited lifetime which is beyond the capability of individual Member States. Other research research is best carried out by 'indirect' action and 'concerted action' programmes in the best available laboratories in Member States and resources should be shifted from 'direct action' towards these. Initial steps should be taken to redirect current spend. Any increase in budget should only be agreed when demonstrable progress of more efficient use of resources has been made.

5 Measures to improve the mobility of scientists in Europe will bring a European dimension to the laboratories of Member States and further enhance the effectiveness of 'indirect action' and 'concerted action' programmes. The proposals to improve mobility deserve serious examination.

#### BACKGROUND

6 The European Community has not been effective in using its scientific and technological capability to build up competitive high technology industries. As a result the EC has a large and growing trade deficit with the USA and Japan in high technology products.

7 The main reasons for this failure are:-

(a) The absence of a genuine common market in Europe for high technology products because of hidden tariffs, differing national standards and protectionist public procurement policies.

(b) The fragmented nature and small scale of much European private sector R & D.

(c) The low quality and poor focus of much of the EC R & D programme.

8 Some of the actions necessary to solve these problems are proposed in the Commission paper, viz:



the development of the internal market;  
the removal of obstacles to the proper collaboration  
between private (and public) sector companies.

9 However, the proposals on "Research and development and advanced technologies" are only partially supportive of the right solutions. The ESPRIT programme will, if successful, help to generate an advanced and competitive European Information Technology industry. Similar (but smaller) programmes in areas like telecommunications and biotechnology might also be valuable but the Commission is not yet proposing programmes on the ESPRIT model.

10 The major difficulty is the Joint Research Centre which currently consumes 150 Mecu pa or 30 per cent of EC R & D resources. These four laboratories which were diversified when their original Euratom role was no longer sufficient to justify their size, have failed to produce research of high quality or of relevance to the EC.

11 Research in the JRC is called 'direct action'. The EC also has programmes of 'indirect action' (projects centrally managed by the Commission but contracted out to research organisations in the Member States on a cost-sharing basis) and 'concerted action' (projects co-ordinated by the Commission but carried out and financed by organisations in Member States).

12 Experience has shown that 'direct action' is only efficient and effective for major focussed projects which are beyond the capability of individual Member States and which have a finite lifetime; JET is a good example. For all other work 'indirect action' and 'concerted action' in the best available laboratories in Europe are to be preferred. There is therefore a need to put any new resources into 'indirect action' and 'concerted action' and to shift existing resources away from 'direct action'. This will cause closures and redundancies in the JRC laboratories in Italy



(especially), Germany, Belgium and Holland and/or the transfer of these laboratories to their respective national budgets.

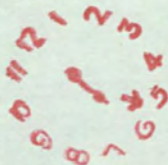
13 Concurrent with reducing JRC laboratories, the best laboratories of Member States need to acquire a European dimension if the full benefit of Europe's skills in science and technology are to be felt. This can be accomplished by increased mobility of scientists and technologists between laboratories in different Member States. Both France and the Commission have proposals to promote mobility.

Cabinet Office

29 November 1983



30 NOV 1983







## 10 DOWNING STREET

From the Private Secretary

30 November 1983

ESPRIT

CPK  
The Prime Minister has seen the Foreign and Commonwealth Secretary's minute of 22 November and has asked a number of questions on it. You have agreed to put in a note by close of play tonight answering the following:-

- (i) How has the UK's share of the ESPRIT programme (£18 million out of £79.8 million) been determined?
- (ii) What are the weaker Community research programmes referred to and what are the obstacles to cutting them back?
- (iii) How far does ESPRIT overlap with domestic research expenditure, in particular the Alvey programme?
- (iv) To what extent is it the case that the Government would not have put so much into Alvey had the size of ESPRIT been known?

I am copying this letter to the Private Secretaries to the members of OD(E) and to Dr. Nicholson (Cabinet Office).

ANDREW TURNBULL

Callum McCarthy, Esq.,  
Department of Trade and Industry.