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TO IMMEDIATE FCO

TELNO 17 OF 20 JANUARY

INFO PRIORITY UKMIS GENEVA

INFO SAVING HMG GENEVA HMG ZURICH

YOUR TELNO 36 TO BONN: PROPOSED REVIEW OF HIGH ENERGY PARTICLE PHYSICS

1. WHILST PART OF THE NEW ACCELERATOR IS IN FRENCH TERRITORY MOST OF CERN'S INSTALLATIONS ARE IN SWITZERLAND AND IT IS AN IMPORTANT INSTITUTION FOR THE SWISS. AN ANNOUNCEMENT OF THE REVIEW WITH THE IMPLICATION OF POSSIBLE UK WITHDRAWAL FROM THE ORGANISATION WOULD BE UNLIKELY TO LEAD TO PUBLIC REACTION BY THE SWISS GOVERNMENT BUT THERE WOULD BE CONSIDERABLE CONCERN AND REGRET EXPRESSED IN PRIVATE. SUCH A DEVELOPMENT WOULD STRENGTHEN THE FEELING, ALREADY PREVALENT IN SWITZERLAND, THAT THE UK DOES NOT INVEST SUFFICIENTLY AND DOES NOT FOLLOW THROUGH ITS INVESTMENTS PROPERLY. IT WOULD INCREASE THE TENDENCY TO VIEW THE UK AS PERIPHERAL. IT WOULD ALSO HAVE ADVERSE EFFECTS IN SCIENTIFIC CIRCLES. REACTIONS AMONGST THE GENERAL PUBLIC WOULD DEPEND ON THE PROMINENCE GIVEN TO THE DECISION IN THE LOCAL MEDIA BUT WOULD PROBABLY NOT BE OF MUCH SIGNIFICANCE.

2. IN FINANCIAL TERMS, IT SHOULD BE BORNE IN MIND THAT WHILST THE UK CONTRIBUTION TO CERN'S 1984 BUDGET WILL BE APPROXIMATELY £28 MILLION (16% OF THE TOTAL), THE ORGANISATION'S PURCHASES OF SERVICES AND EQUIPMENT FROM THE UK IN 1984 MAY BE EXPECTED TO BE APPROXIMATELY £5/6 MILLIONS (APPROXIMATELY 6.5% OF CERN'S PURCHASING BUDGET). THE GAP BETWEEN THE UK CONTRIBUTION AND THE IMMEDIATE COMMERCIAL RETURN IS NOT A PROBLEM FACED BY THE UK ALONE. THE SCANDINAVIAN COUNTRIES AND ITALY ARE IN A SIMILAR POSITION AS IS THE FRG, WHICH AS THE LARGEST CONTRIBUTOR SUPPLIED SFR 157.5 MILLION IN 1982 AND RECEIVED ORDERS WORTH ONLY SFR 37.8 MILLION IN RETURN. CERN IS AWARE OF THE PROBLEM AND HAS BEEN DOING WHAT IT CAN, WITHIN THE TERMS OF ITS CONSTITUTION, TO INCREASE PURCHASES FROM THE UK. THIS AND THE FACT THAT MORE BRITISH FIRMS ARE BECOMING AWARE OF THE OPPORTUNITIES AT CERN, MEANS THAT WE MAY EXPECT TO SEE AN INCREASE IN OUR SALES TO THE ORGANISATION OVER THE NEXT FEW YEARS.

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/3. CERN

3. CERN IS BOUND BY ITS STATUTES TO PURCHASE EQUIPMENT IN MEMEBR STATES UNLESS THEY CAN PROVIDE NO SOURCE OF SUPPLY. THUS UK WITHDRAWL WOULD MEAN THE END OF PURCHASES FROM THE UK. SINCE CERN IS EUROPE'S LEADING SINGLE PURCHASER OF HIGH TECHNOLOGY EQUIPMENT IN MANY AREAS (EG ELECTRONICS, COMPUTERS, CYROGENICS AND HIGH VACUUM EQUIPMENT) UK WITHDRAWL WOULD DEPRIVE BRITISH INDUSTRY OF THE OPPORTUNITY OF COMPETING ON EQUAL TERMS WITH ITS MAIN TRADING PARTNERS IN AREAS OF BUSINESS CRUCIAL TO THE REVIVAL OF BRITISH INDUSTRY.

4. THE ADVANTAGES FOR FIRMS OF SELLING TO CERN ARE DIFFICULT TO QUANTIFY BUT STUDIES HAVE SHOWN THAT THEY CAN EXPECT COMMERCIAL SPIN-OFF IN MUCH THE SAME WAY AS US COMPANIES BENEFIT BY SELLING TO NASA. FIRMS CONCERNED CONSIDER CERN TO BE AN IMPORTANT REFERENCE AND FREQUENTLY QUOTE COST OR BELOW COST PRICES TO OBTAIN BUISNESS THERRE. MANY FIRMS HAVE RECEIVED ORDERS FROM OTHER ISTITUTIONS WITH WHICH CERN HAS LINKS AS A DIRECT RESULT OF HAVING SOLD TO CERN.

5. CERN EMPLOYES SOME 330 BRITISH SCIENTISTS AND TECHNICIANS. A UK WITHDRAWL WOULD MEAN THAT THEY WOULD HAVE TO FIND EMPLOYMENT ELSEWHERE AND, AS VIRTUALLY NO HIGH ENERGY PARTICLE PHYSICS RESEARCH IS UNDERTAKEN IN THE UK, MANY OF THEM WOULD PROBABLY GRAVITATE TO OTHER RESEARCH ESTABLISHMENTS IN EUROPE OR THE UNITED STATES AND THEIR SERVICES AND SPECIALISED KNOWLEDGE WOULD BE LOST TO THE UK.

6. THERE ARE THUS STRONG POLITICAL AND COMMERCIAL GROUNDS FOR CONTINUED MEMBERSHIP BUT THEY ARE OF COURSE SECONDARY TO THE SCIENTIFIC CONSIDERATIONS.

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