

From: D Beattie, ESSD

Date: 25 April 1986

PS

HERMES/HOTOL

- A 1. You asked for a short note on the attached press summary
reporting a potential UK/France clash on funding for these two
B projects. I attach the full "Financial Times" report.

2. The British National Space Centre have stressed in public that they do not see HOTOL as a direct competitor to Hermes. Hermes will be manned from the outset, and used primarily for a variety of earth observations and microgravity experiments; it is also planned to stay in space for up to 30 days. On the other hand HOTOL would, in the first instance, be unmanned and used primarily as an entirely re-usable (and therefore potentially inexpensive) satellite launcher.

3. Despite these differences, it is possible that both projects could eventually be competing for the same money from ESA. The French are seeking Europeanisation of the Hermes project by 1987, with a firm commitment of funds from ESA states. The BNSC have agreed to share the cost (£3 million) of a two year proof-of-concept study of HOTOL with BAe and Rolls Royce, with a review in about six months time. Until that review is completed, there is no question of BNSC seeking Europeanisation: although Mr Pattie is hoping to arrange presentations to the French and the FRG later this year. In the meantime, we and BNSC consider it unduly alarmist to suggest that we are on a collision course at the moment with France over the two projects. The likely extent of disagreement will become clearer when BNSC's national space plan and their assessment of HOTOL have been completed later this year.

/4.

4. Mr Denison-Edson has submitted separately some background
C material on HOTOL and Hermes. I attach, as requested, the earlier
briefing on current space matters.

G. Beattie

25 April 1986

D Beattie
Energy, Science and Space Department

24/4

A

3a.

#

USURY (Cont'd)

- FT: Britain is heading along a potential collision course with France by stepping up efforts to win European funding for BAe's revolutionary space aircraft, Hotol, which rivals the French Hermes project.
- London-Dublin air fares tumble as a new private Irish airline enters market.
- Times Ministers are expected to confirm this morning that the contract for the first AOR will go to Harland & Wolff and the second, possibly, to Swan Hunter.
- The cost of electricity is about to fall by up to 6%.

Is this covered?

(Let I have back
to read your re
* read brief on
Hermes etc?)

Mr Beattie ESSD

Please let me have
* back for tonight's
box, with a short note
on # note.

CPJdd
25/4

EUROPEAN NEWS

Britain's spaceplane on collision course with France

BY DAVID MARSH IN VENICE

BRITAIN is heading along a potential collision course with France by stepping up efforts to win European funding for British Aerospace's revolutionary space-going aircraft, Hotol, which rivals the French-backed Hermes project.

Mr Geoffrey Pattie, the British Minister for Industry and Information Technology, plans to consult European governments in the next few months ahead of a possible move this summer to enlist Hotol as a full international project backed by the 11-nation European Space Agency (ESA).

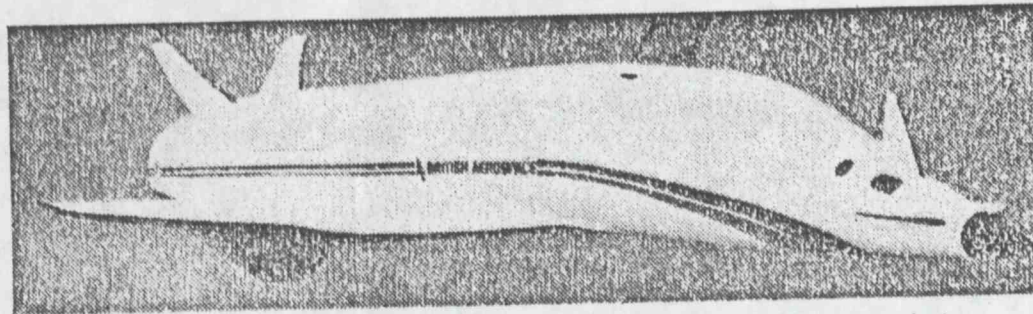
Hotol, which would travel into orbit from a runway, like an ordinary aircraft, would need about £3bn-£4bn to develop over the next decade, 30 per cent of which could come from Britain if it is authorised as an ESA project.

To put pressure on France and other European countries, British Aerospace has indicated

informally that refusal by ESA to put money into the project could force Britain to develop it with the US. Leading US aerospace companies, among them McDonnell Douglas, have shown interest, while the Japanese space agency has also made informal approaches about collaboration.

The programme cuts directly across French attempts to secure European finance for the Hermes manned space vehicle. This would be lofted into orbit in the mid-1990s atop an Ariane rocket, but would be able to fly back independently like the US space shuttle.

Design work on Hermes is already being carried out by Aerospatiale and Dassault-Breguet, the two leading French aerospace groups. But France has faced difficulties in winning support for Hermes from the Bonn Government, which has put off a decision until next year.



Hotol is in a race for development cash with the French Hermes project

International interest in supersonic space-going aircraft has risen considerably over the past 12 months with a decision by the British Government to back preliminary Hotol work and with the launching of a much larger programme in the US.

Hotol, however, has met considerable scepticism in France. This is because its revolutionary propulsion technology is still classified as a military secret

by the British Ministry of Defence.

Indicating his own caution over the project, Professor Reimar Luest, the West German director-general of the ESA, said here yesterday that the agency could decide on Hotol "as soon as we know the little secret." He was speaking at an international conference on the US space station.

Mr Peter Conchie, director of business development at British

Aerospace's space and communications division, told the conference that Hotol gave Europe a chance to win new space business by cutting down considerably on launching costs.

He implicitly admitted, however, that the main reasons for the classification were commercial rather than military. He said that if the veil of secrecy were lifted, details would quickly reach the US which would be able to commercialise

the technology much more quickly than Europe.

Hotol could carry satellites into orbit and service the US space station which is planned to be built with collaboration from Europe and Japan from 1994 onwards. It could carry people into space once it proved its security as an unmanned vehicle.

The propulsion system allows Hotol in its early flight to breathe oxygen from the air like an ordinary jet. This would avoid the need to carry large reservoirs of fuel and liquid oxygen which weigh down conventional vertical rockets and increase the hazards for crews.

The US space shuttle disaster in January, as well as the destruction last Friday of an unmanned Titan US rocket, have highlighted the risks of present space transportation and increased interest in exploring alternatives for the late 1990s and beyond.

Daimler denies it is too powerful

By Jonathan Carr in Frankfurt

THE HEAD of Daimler-Benz, West Germany's biggest industrial group in sales

UK-Irish air route challenge

BY HUGH CARNEGIE IN DUBLIN

AIR FARES on the busy London-Dublin route tumbled yesterday as a new private Irish airline, Ryanair, entered the market offering a no-restrictions return fare which undercut prices offered by the existing operators, British Airways, Aer Lingus and Dan Air.

Ryanair's move marks the first step in what is likely to be

Luton at a return fare of IE119.

In a flurry of price cutting hours before the Ryanair launch, BA, Aer Lingus and Dan Air said they were lowering their cheapest round-trip London Dublin fares by IE4 to IE95. But these are Super Apex fares which must be booked a month in advance and their other fares remain significantly more expensive than Ryanair's.

The company is determined to break down the price-fixing cartel on the London-Dublin route which travel agents say is one of the most expensive in Europe. Its May 23 launch date coincides with the planned start-up of daily low-fare services between Knock Airport in western Ireland and Stansted Airport.

Dublin plans referendum on legalising divorce

BY OUR DUBLIN CORRESPONDENT

THE IRISH Government last night announced plans to hold a referendum, probably in late June, on removing the country's constitutional ban on divorce, a move trenchantly opposed by the country's powerful Catholic Church.

Ireland and Malta are the only European countries which ban divorce and the issue has

the terms of follow-up divorce legislation to be introduced if the amendment is approved in the referendum. Couples will have to have been separated for at least five years, including at least two years' judicial separation granted by a family court set up to conduct divorce proceedings. Special provision will be made for those separated before the legislation takes

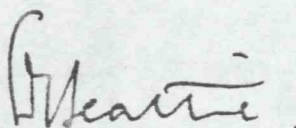
CONFIDENTIAL

From: D Beattie, ESSD
Date: 16 April 1986
cc: Mr Braithwaite

PS

SECRETARY OF STATE'S MEETING WITH THE FRG FOREIGN MINISTER: SPACE
ISSUES

- A
1. At the Secretary of State's meeting with Herr Genscher on 12 April, the latter displayed major enthusiasm for various aspects of the European Space Programme (para.26 of the record attached).
 2. I submit a brief for use should the Secretary of State wish to revert to the matter with Herr Genscher. The brief has been cleared with the British National Space Centre.



16 April 1986

D Beattie
Energy, Science and Space Department

SECRETARY OF STATE'S MEETING WITH GENSCHER AT OECD, 17 APRIL

OUTER SPACE ISSUES

Line to Take

1. FRG should be in no doubt about UK commitment to European Space Agency (ESA): recent formation of British National Space Centre, and decision to launch Skynet 4C on Ariane, demonstrate our belief in European space activities.
2. Space Centre, and UK industry, considering participation in Hermes. In principle willing to contribute, but need to be careful not to press for early decisions at expense of programmes (Space Station and Ariane V) already agreed at ESA Ministerial Council in Rome last year.
3. Decisions on Hermes also linked to possible development of HOTOL, although UK does not see latter as a direct competitor. (HOTOL likely to be used as unmanned satellite launcher in first instance, while Hermes would be manned and used for earth observation and microgravity and other experiments.) Potential importance of project illustrated by British decision to fund proof-of-concept studies. Hope that Mr Pattie and BNSC can give presentation to FRG Ministers later this year.
4. Pleased that agreement on ESA participation in US Space Station project is near. Recognise need for European autonomy in space in due course: but essential to work with US in first instance.

Background

The Space Centre/Skynet 4C:

5. The British National Space Centre was established last year to strengthen the co-ordination of the UK's space activities; its first Director-General, Mr Roy Gibson, was the first Director-General of the European Space Agency.

6. The decision to launch Skynet 4C on Ariane was taken in the wake of the Shuttle disaster, but nonetheless is important evidence of the UK's support for the Ariane programme (an ESA programme). The MoD is still considering the launch vehicles for Skynet 4A and B.

Hermes/HOTOL:

7. Hermes is a French proposal for a "mini space shuttle", to be launched on the disposable Ariane V, but which could return to a standard runway in Europe after manned flights of up to 30 days. The French are seeking Europeanisation of the project by 1987 with a view to launch in 1996/97. Chancellor Kohl has expressed agreement in principle to participate, but no new funds have yet been allocated by the FRG, from whom the French are seeking 20% participation. (Herr Stoltenberg says that new money cannot be made available.)

8. HOTOL (Horizontal Take-off and Landing Vehicle) is a BAe/Rolls Royce concept for a totally re-usable launch vehicle, based on a unique air-breathing concept and using a runway for take-off and landing. The Space Centre has agreed to share the costs (£3 million) of a proof-of-concept study with UK industry over the next two years. Although details of the engine are confidential, Mr Pattie is hoping to arrange presentations to his European counterparts later this year. Development of the vehicle would have to be with other countries in view of the costs involved; the

Americans have started research work on a similar project, known as 'The Orient Express'.

The Space Station:

9. NASA has refused, on safety and technical grounds, to allow ESA's Columbus module to be separable from the Space Station. The Germans alone have refused to concur with the (German) ESA Director-General's acceptance of NASA's arguments. However, following talks at ESA last week, the BNSC are now more optimistic that a compromise can be reached between the Germans and the rest of ESA, to allow the FRG to continue to plan for a separate module after the initial construction of the Space Station.

10. UK interests are so far largely unaffected by the FRG's disagreement with ESA, since the Agency has accepted that the UK's contribution will be concentrated on an unmanned observation platform in an entirely separate orbit from the Space Station.

