

PRIME MINISTER

28 June 1985

ACID RAIN: THIRTY PER CENT CLUB - E(A) MEETING

On Monday 1 July 1985, E(A) will consider Patrick Jenkin's proposal that, at the Helsinki Convention in July, the UK should join the 21 member countries of the United Nations Economic Commission for Europe who have indicated their willingness to sign this agreement. The issues are as follows:

a. Procrastination

For: Peter Walker will urge this option. He will say more time is necessary to assess more accurate predictions on whether we will reach the 1993 target for SO<sub>2</sub> emissions, or whether it will be costly to reduce - and, if so, how costly. In any event, joining the 30% may be expensive, he will say, because we may also be forced into a similar NO<sub>x</sub> club. He will say SO<sub>2</sub> reductions for 1984 resulted from the miners' strike, and therefore SO<sub>2</sub> emissions may rise before 1993.

Against: Patrick Jenkin will oppose this because of international pressure from Germany, Norway and Sweden; and because the fall in emission from 1980-85 has been 25%, and we need only another 5% between 1985 and 1993. This is likely, he will say, because manufacturing

industry places diminishing reliance on the gulching chimney; and he will rebut the miners' strike point by saying that last year we imported oil with a high sulphur content. Therefore the fall last year was part of the trend downwards, not a quirk of Scargill's making. He will rebut the NO<sub>x</sub> point by saying we can negotiate an acceptable deal on this, and it need not be expensive. If we do not join, we may be forced to do so in a few years' time and buy costly foreign equipment.

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b. The Jenkin Option: Join the club but do nothing else

For: Patrick Jenkin will say this will save the Government's excellent record on the environment from being tarnished here and abroad. This issue is building up steam. It is the inexpensive option because we can achieve 30% club without cost (and even if not, the Treaty has no more than declaratory force!). Now we have solved our EEC budget wrangle, it is argued that we should not throw away our new good European image by not joining.

Against: Peter Walker will repeat this is procrastination argument.

Conclusion

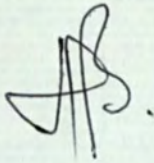
Both options have their unpalatable side, but we believe Patrick Jenkin's approach to be right, politically. Sir Robin

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Nicholson's view on the science of the issue lends some  
support. Patrick Jenkin's answer to why he did not take this  
line last year is that he has been put under increased  
conservation pressure at home (SDP challenge, etc) and abroad;  
and also he points to the reducing trend in manufacturing  
emissions.



HARTLEY BOOTH

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*FLAG A* ACID RAIN: 30% CLUB (E(A)(85)34)  
(Memorandum by the Secretary of State for the Environment)

#### BACKGROUND

1. The "30% Club" is composed of 21 countries committed to a 30% reduction in their 1980 total national sulphur dioxide emissions by 1993. The UK is not a member. The Government's policy on acid deposition was agreed at a meeting of Ministers which you chaired on 19 June 1984, and set out in the White Paper "Acid Rain" published in December 1984. This pointed to the British record in sulphur emissions control (reduction of nearly 40% since 1970) and stated that the UK intended to achieve further reductions in sulphur dioxide emissions aiming at a reduction of 30% in 1980 levels by the end of the 1990s. It declined, however to join the "30% Club" as it was not clear that this objective could be met without substantial expenditure.
2. At the next meeting of the Executive body of the Convention on Long-Range Transboundary Air Pollution in Helsinki on 8-12 July, 21 countries including all our European allies will sign a protocol reaffirming the "30% Club's" commitment.
3. There is general agreement that since the June 1984 meeting there has been no material change in the scientific or technical background to the issue of acid deposition. Therefore any change in the UK policy would be primarily on the basis of political or diplomatic considerations.

#### Proposals

4. The Secretary of State for the Environment proposes that the UK take this opportunity to join the "30% Club" and sign the protocol. He favours this on the grounds that:-



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- (a) the UK would otherwise be isolated;
- (b) there is political pressure at home and overseas for us to join;
- (c) we shall probably achieve the "30% Club" target by 1993 in the natural course of events, without taking any specific measures; and even if we do not, we shall not be alone and the consequences will not be serious;
- (d) to join might help rather than hinder our position on the draft EC Directive on Emission of Controls from Large Combustion Plants.

The timing of the proposal has not allowed preliminary discussions through the usual official machinery.

5. The Secretary of State for Energy is likely to resist joining the "30% Club" on the grounds that:

- (a) the UK are most unlikely to meet the "30% Club's" target in the natural course of events;
- (b) we will come under renewed pressure to take specific measures to meet the target with the substantial costs falling on the Central Electricity Generating Board (CEGB) and on British industry;
- (c) this could be the first step towards more onerous commitments by members of the "Club".

#### MAIN ISSUES

6. The main issues are:

- (a) political implications;



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- (b) UK prospects of meeting the "30% Club" target;
- (c) what happens if the UK fails to meet the "30% Club" target;
- (d) the prospect of more onerous commitments; and
- (e) implications for the draft EC Directive on Emission Controls for large combustion plants.

### Political Implications

7. The essential difficulty facing the UK is that this country relies much more heavily on coal for its primary energy requirements than any other country in Western Europe (and has a much larger coal output, both relatively and absolutely than the other W. European countries). This is why the UK is, as Mr Jenkin admits, the largest source of sulphur emissions. Action to reduce sulphur emissions would therefore cost the UK economy much more, relatively and absolutely, than it would cost our European partners. International pressure on the UK over our acid deposition policy will continue, and probably increase, over the next few years. The main focus of this pressure is the position of the UK as the only western European country with significant sulphur emissions which has not joined the "30% Club". At home, the Environment Committee, the Royal Commission on Environmental Pollution and many members of the Conservative Party are uneasy about the present policy. If the UK joins the "30% Club", there might be some reduction in the pressure both overseas and domestically. On the other hand, it might seem odd for the UK, having rejected the notion of joining the "30% Club" in its White Paper last December, now to be joining the "Club" without undertaking additional control measures. Mr Jenkin believes this position could be sustained on the basis of recent emission trends.

### UK Prospects of meeting the "30% Club" target

8. Mr Jenkin argues that the UK is well on course to meet the "Club"



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target of 30% reduction by 1993. However, his paper for your meeting on acid deposition in June 1984 said that there were "substantial uncertainties" about this. His new paper quotes provisional figures for 1984 which show a fall of about 25% on the 1980 figures, as against the 1983 figures which showed a fall of 21%, but contains no other evidence to support his change of judgement. The key question is whether this fall will be sustained as the economy expands and energy demand increases.

9. There are real doubts whether the recent trend of decline in sulphur emissions can be maintained. Much of this is attributable not to a general process of cleaner combustion widely spread round industry, but to substantial changes such as the closure of old steel plants. The 1984 figures are thought by the Department of Energy to be unrepresentative, because there was a fall in non-electricity consumption of coal as a result of the miners' strike; the NCB will have to recapture this market if it is to achieve any improvement in its financial performance. (It is doubtful whether there was much reduction last year in CEGB emissions; although coal-burn fell, this was balanced by increased consumption of higher sulphur fuel oil, and much of the coal actually burnt was of very poor quality.) For the future, electricity demand is said to be increasing, and the nuclear capacity under construction - about 10 per cent of present generating capacity - will do no more than affect the impact of future demand growth. No significant contribution from Sizewell and its successors, if they go ahead, will be within the 1993 timescale.

What if the UK fails to meet the "30% Club" target?

10. An economic upturn and a rise in energy demand could mean that the UK would fail to meet the "30% Club" target. But Mr Jenkin does not think the UK should "agonize too much over the consequences" of missing the target by a few per cent for a few years. Some other countries are signing up with little idea of whether or how they will achieve the target, and there is no reason why the UK should not do



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the same given recent emission trends. The argument against this is that if in a few years it becomes clear that the UK will fail to achieve the target, pressure could mount for the Government then to take specific measures to make sure that it honours its undertakings. The 1984 White Paper concluded that these measures would involve flue gas desulphurisation at a number of power stations involving expenditure of several hundred million pounds, with control costs for industrial plants being even higher in relation to the emissions abated (White Paper, Cmnd 9397, Para 3.63, p 24). In this event, the electricity supply industry would probably argue that the bill for emission control should fall to the Government to pay. It can be argued, however, that pressure for further measures to control sulphur emissions will occur whether or not the UK is a member of the "30% Club".

#### The Prospect of More Onerous Commitments

11. Mr Jenkin argues that members of the "30% Club" now realise that it is wrong to set arbitrary targets and he does not believe they will do so in the future. The Swedes have said any further steps should be more scientifically based. As a prerequisite for the UK's accession to the protocol, Mr Waldegrave would seek informal assurances from the other key members of the "Club" that they would not be pressing for tighter measures based on arbitrary baselines.

#### Implications for the EC Draft Large Plants Directive

12. Mr Jenkin is not proposing any concessions on this Directive, which will continue to pose a problem in the coming months. Joining the "30% Club" is a quite separate matter, but it might make our negotiating position on the Draft Directive seem more respectable. On the other hand, given the UK's previous resistance to joining the "Club", which reflected our assessment of the disproportionately high costs involved, it could equally be argued that if we were now to accept the obligations of the "Club" we could not reasonably refuse





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to take the action required to meet those obligations. On this basis, it could prove the more difficult for us to resist pressure to accept the Large Plant Directive.

#### HANDLING

13. The Foreign and Commonwealth Secretary is likely to support Mr Jenkin. The Chancellor of the Exchequer (because of potential public expenditure implications) and the Secretary of State for Trade and Industry (because of worries about extra costs to industry of emission controls and of fears of electricity price increases to pay for flue gas desulphurisation in power stations) are likely to support Mr Walker.

14. You will wish to invite the Secretary of State for the Environment to present his paper. The Secretary of State for Energy will wish to respond. The Foreign and Commonwealth Secretary will wish to comment on the foreign policy aspects. The Chancellor of the Exchequer and the Secretary of State for Trade and Industry will also wish to comment. Other Ministers may wish to contribute.

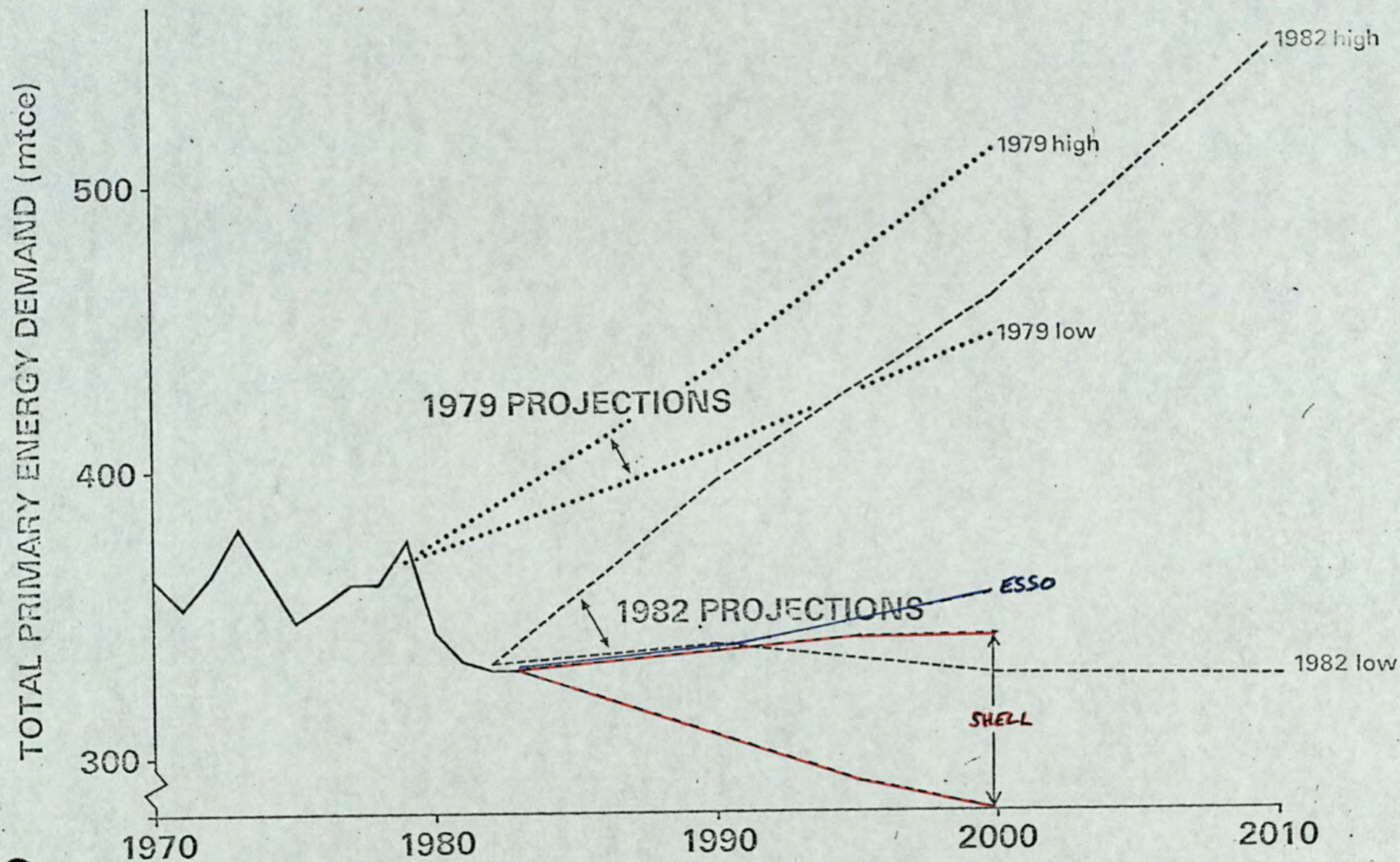
#### CONCLUSION

15. You will wish to reach a decision on whether the UK should join the "30% Club" at the Helsinki meeting and accede to the protocol calling for a 30% reduction in 1980 national sulphur dioxide emissions by 1993.

J B UNWIN

Cabinet Office  
28 June 1985

# ENERGY PROJECTIONS AND OUTTURN COMPARED





W0505

28 June 1985

PRIME MINISTER

ACID RAIN: 30% CLUB

The Secretary of State for the Environment is proposing that the United Kingdom should join the "30% Club", thereby committing us to a reduction of national emissions of sulphur dioxide by 1993 by 30% of their 1980 value. He is not proposing additional measures or additional expenditure; his argument rests on his confidence that this reduction can be achieved without them. Is this confidence justified and what are the consequences if we do not meet the 30% reduction by 1993?

2. The Department of Energy's current estimates for SO<sub>2</sub> emissions, which are based on calculations made in 1982 for the Sizewell enquiry, are that in 1990 emissions will show a reduction of between 10% and 28% and in 2000 a reduction of between 5% and 34%. The Secretary of State for Environment's prediction of 30% by 1993 is therefore very much at the upper end of the forecast range. The extent of the range is due primarily to uncertainty in the amount and nature of economic growth and the relation of this to energy consumption but also to the unknown rate of build of nuclear power stations. The reduction of 21% from the 1980 value in 1983 is certainly encouraging but I would query the significance of the preliminary 25% figure for 1984 quoted by the Secretary of State on account of the uncertain influence of the miners' strike.

3. I would judge the likelihood of meeting the 30% target in 1993 as possible rather than probable so what happens if, in the period 1990-1992, it is clear that we will be in the 20-25% reduction range rather than 30% by 1993? We can:

a. walk away from the 30% commitment; I judge this to be unacceptable although no doubt several of the vocal adherents to the 30% club will do just this.

b. retrofit existing coal fired stations with flue gas desulphurisation at a cost of £140m per station; we have regarded this as poor value for money and the Secretary of State is, at present, not proposing such a programme.

c. accelerate the rate of build of nuclear power stations so that we beat the 30% target but a few years late; our ability to do this will depend on the outcome of the Sizewell enquiry and finding solutions to current problems of radioactive waste disposal.

4. Thus if we sign the 30% Club protocol there is a possibility that we will meet the target without taking specific action and, if this fails, there is a possibility of taking remedial action through the economically sensible nuclear option.

5. As far as our scientific understanding of the processes and effects of acid deposition is concerned, there has been no significant change since the current Government policy was agreed in June 1984 but it is my judgement that the evidence in the next few years will enhance the link between sulphur dioxide emissions and environmental damage and will steadily undermine the scientific basis of the Government's present policy. This contrasts with our position on forest damage and vehicle emissions where future scientific evidence is likely to strengthen rather than weaken our position.

6. Balancing the risks and benefits of the Secretary of State's proposal, I believe it to be the right way to go but I suggest you make acceptance conditional on:

a. announcing the "bad news" at the same time as the good news, namely that:

i. we believe that joining the 30% Club plus the March agreement on vehicle emissions is an effective response to legitimate environmental concerns and that we will not agree to the present arbitrary and ill thought out proposal for a Community Large Plant Directive.

ii. we will not countenance further tightening of the environmental screw, eg a 40% club, unless and until other countries have a proven record in environmental improvement which is as good as ours.

b. a substantial improvement in the woeful performance of the Department of Environment on **presentation** of environmental policy (they fluffed the presentation of the June 1984 policy so that the UK got virtually no benefit from the package); I suggest the Lord President becomes involved in his role of coordination of policy presentation.

c. a commitment by the Department of Environment, with support from the FCO, to present and sustain a robust policy on radioactive waste disposal which pays attention to scientific facts rather than media hysteria; this is necessary to capitalise on a favourable outcome of the Sizewell enquiry and have an expanded nuclear programme as a viable "insurance" against failing to meet the 30% club target by natural means.

7. I am copying this minute to Sir Robert Armstrong.

RBN.

SIR ROBIN NICHOLSON