

PRIME MINISTER

UK PARTICIPATION IN SDI RESEARCH

I attach Michael Heseltine's note on the line which he proposes to take with Cap Weinberger on SDI research. He leaves for Washington early on Monday. This makes it impractical to propose much in the way of change. But essential points are:

- (i) Our participation has to be set squarely in the context of the Camp David Four Points.
- (ii) The note is too defence-oriented and needs to bring out the need for real benefit for UK industry as a whole - civil as well as defence.
- (iii) Our key requirements - rather buried in his text - are removal of procedural and administrative obstacles to bidding by British companies; clear rights of ownership to industrial property which results from UK participation; and rights of unrestricted and royalty-free use of technology generated through US funding of research in the UK. These should be guaranteed by a formal exchange of letters.

I have consulted Robin Nicholson. He regards the numeric approach as risky: and the annex setting out the areas in which we are interested as incomplete and misleading.

Finally, it's a pity not to pick up Norman Tebbit's suggestion that as an opening gesture the United States might fund training of British scientists in fields covered by the SDI Programme.

Agree that I should make these points?

*Yes*

*EDP*

19 July 1985

VC3AGL